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WORLD NEWS

Branson abandons balloon

Virgin Records chief Richard Branson parachuted into the sea off the west coast of Scotland after abandoning the hot air balloon in which he was attempting to cross the Atlantic.

Branson was rescued unhurt. His co-pilot, Per Lindstrand, picked up uninjured after a 20-minute search. The balloon, Virgin Atlantic Flyer, later ditched off north Ulster.

Bus crash kills 35

At least 35 pensioners were killed and 10 injured when a bus crashed in Spain's north-western region of Orense. It was the country's worst road accident since 1979.

Taiwan lifts martial law

Taiwan announced it would lift martial law after 38 years but opposition leaders said proposed national security guidelines to replace it were "martial law in disguise." Page 2

Whites defy ban on ANC

Fifty prominent white South Africans, including politicians, businessmen and academics, are to defy the Government by travelling to West Africa next Wednesday for talks with the exiled African National Congress. Back Page

Siege jail is stormed

Spanish security forces stormed a prison near Badajoz, south-west Spain, ending a siege by over 120 prisoners who were holding 13 hostages. One convict died and four others were injured.

Israeli jets raid Bekaa

Israeli jets wounded 13 in a raid on a pro-Syrian militia base outside a Christian village in Lebanon's Bekaa valley.

Brady back from moor

Moors murderer Ian Brady returned to Park Lane mental hospital near Manchester after visiting Saddleworth Moor to assist police hunting for children believed to have been murdered by Brady and Myra Hindley. No bodies were found.

Art treasures bequest

A Picasso worth at least £4m is among a collection of modern art bequested to the National Gallery of Ireland. No details of the donor were given.

Unicef overhaul

The Belgian United Nations Children's Fund (Unicef) committee is to be re-organised following the arrest of two employees for alleged involvement in a child sex and pornography ring.

Lendl-Cash final

Ivan Lendl will play Pat Cash of Australia in the Wimbledon men's final on Sunday. Lendl beat Stefan Edberg and Cash defeated Jimmy Connors in the semi-finals.

Blaze wrecks complex

A fire destroyed a £10m shopping complex, one of Ulster's biggest, at Bangor, County Down.

Traffic warning

The Automobile Association predicted the busiest weekend of the year on roads to the coast, the West Country and Wales as the seasonal weather continues.

Hollywood strike looms

US film and television directors have authorised union leaders to call the first strike in the union's 51-year history, which could cripple Hollywood's television and film output.

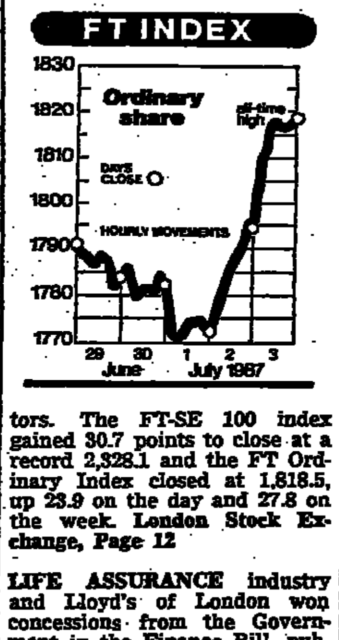
Police on Demo alert

All police leave in Yorkshire has been cancelled because of a mass anti-nuclear protest planned for today outside the Fylingdales early warning station in the north of the county.

BUSINESS SUMMARY

UK equities reach new peaks

UK EQUITIES: The London stock market reached new peaks yesterday as local buyers kept the market advancing in the absence of foreign inves-



tors. The FT-SE 100 index gained 30.7 points to close at a record 2,328.1 and the FT Ordinary Index closed at 1,818.5, up 23.9 on the day and 27.8 on the week. London Stock Exchange, Page 12

LIFE ASSURANCE industry and Lloyd's of London won concessions from the Government in the Finance Bill, published yesterday. Back Page

GRAND METROPOLITAN, hotels, brewing and wine and spirits group, has taken a 10 per cent stake in and reached a distribution agreement with French cognac house, Martell. Back Page; Analysis, Page 7; Licensing Debate, Page 2

SHORT BROTHERS, state-owned Belfast aircraft company, last night virtually shut down production because of the row over the flying of Loyalist flags inside its plant. Back Page

EC BUDGET MINISTERS formulated a temporary solution to deal with the Community's Ecu 6.3bn (£4.4bn) deficit. Back Page

MONTEDISON PROBE: Chairman of the Italian chemicals company, Mario Schimberni, is under investigation for alleged breaches of Italian exchange control regulations. Page 3

NIGERIA is to merge its first and second tier exchange rate systems. Page 2

OPEC PRESIDENT Rilwanu Lukman warned that if Opec members did not abide by production quotas, the market could face a bigger oil price collapse than that of last year. Page 3

BRITISH COAL'S plans for flexible shift patterns and six-day working will cause up to 40,000 job losses, predicts Arthur Scargill, president of the National Union of Mineworkers. Page 5

BUILDING INDUSTRY skill shortages are on the increase throughout the country, says the Federation of Master Builders. Page 3

JETWING, Preston-based budget tour operator, went into liquidation yesterday, the second operator to do so within a week. Page 4

NEC, Japanese electronics and communications equipment maker, reported consolidated net profits of Y15.03bn (£62.8m) in the year to March, down 44.7 per cent from the previous year. Page 10

WOLTERS SAMSOM, Dutch publisher, is to sweeten its friendly takeover bid for Kluwer, its larger rival, to try and top a hostile offer from publisher Elsevier. Page 10

HOGG ROBINSON, the new travel, transport, property and financial services group, is asking shareholders for £33.7m to finance its growth after it becomes independent of the old Hogg Robinson Group. Page 8

US share and financial markets were closed yesterday ahead of the Independence Day holiday.

MARKETS

DOLLAR
London:
DM 1.84 (1.832)
FFr 6.1275 (6.1075)
SFr 1.53 (1.522)
Y148.8 (147.25)
Dollar index 102.8 (102.4)
Tokyo close Y147.9

GOLD
London: $444.25 (446.75)

STERLING
London: $1.61 (1.615)
DM 2.9625 (2.9575)
FFr 9.865 (9.8625)
SFr 2.4625 (2.4575)
Y239.5 (237.75)
Sterling index: 72.5 (72.6)

LONDON MONEY
3-month interbank: closing rate 9½ (same)

NORTH SEA OIL
Brent 15-day July (Argus) $19.3 (19.3)

STOCK INDICES
FT Ord 1,818.5 (+23.9)
FT-A All Share 1,174.69 (+1.1%)
FT-SE 100 2,328.1 (+30.7)
FT-A long gilt yield index: High coupon 9.24 (9.23)
Tokyo: Nikkei 24,465.48 (−170.98)

Chief price changes yesterday, Back Page

Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C$1.00; Cyprus C£0.75; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 6.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK$12; India Rup 15; Indonesia Rp 3,100; Israel NS 3.50; Italy L1,800; Japan Y800; Jordan Fils 500; Kuwait Fils 500; Lebanon £L50.00; Luxembourg LFr 48; Malaysia Rls 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 6.0; Singapore S$4.10; Spain Pts 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT$65; Tunisia Din 0.800; Turkey L500; UAE Dh 6.50; USA $1.00; Bermuda $1.50.

Ministerial pressure mounts for community charge safeguards

BY PETER RIDDELL, POLITICAL EDITOR

AN INFLUENTIAL group of Cabinet ministers has urged the introduction of safeguards in the replacement of domestic rates by a universal community charge.

This is in spite of the desire of both the Prime Minister and Mr Nicholas Ridley, the Environment Secretary, to press ahead as quickly as possible.

Some Conservative MPs' doubts over a community charge payable by all adults surfaced several times during the week-long Queen's Speech debate and are a main topic of behind-the-scenes conversation at Westminster.

Nevertheless, party business managers are confident, after canvassing the opinion of Conservative backbench MPs, that they will be able to get the bill through, provided consultations are undertaken.

There appear to be only about a dozen or so prominent hard-core opponents who will definitely vote against. The attitude of another group of about 24 depends on whether concessions are made.

At a lenghty Cabinet discussion on Thursday, several ministers expressed caution, particularly over the impact on some traditional Tory supporters when the changes come into effect in 1990, possibly only a year before the next election.

Ideas for mitigating the impact of the change were considered by ministers and the aim is to reach decisions by the end of this month.

Suggestions include a safety-net to limit the extent of increased payments and special provisions for London, where the impact in some boroughs could be substantial.

Mrs Thatcher and Mr Ridley are determined not to make big changes to the plan. They point out that the community charge featured prominently in the Conservative election manifesto and insist that there is no alternative if domestic rates are to be replaced. If the present system is retained, there would have to be a revaluation, leading to a large rise in domestic rate bills for some people.

Alongside the consideration of possible safety-nets, there is to be an intensive drive by environment and other ministers to sell the plan, both to the public and to Conservative MPs.

Mr Michael Howard, Minister for Local Government, has already made three linked speeches aimed at justifying the reform on grounds of fairness, increased accountability and helping business and jobs. Mr Ridley said yesterday in Prestwich, Greater Manchester, that the national non-domestic rate, rising by no more than inflation, would benefit the north and the older inner cities.

The Government's counter-attack was underlined yesterday when Mr Howard replied to a highly critical speech in the Commons on Thursday by Mr Edward Heath, the former Conservative Prime Minister. Mr Heath described the charge as "reactionary and regressive."

Mr Howard said he found it strange that Mr Heath should only now have chosen to attack a proposal which had been a matter of consultation for more than 18 months and was a centrepiece of the manifesto.

In comments to the Press Association, Mr Howard said, "I suppose we should not be surprised because we have seen this sort of thing before on various other aspects of government policy.

"When the Government takes a lot of trouble to consult on major proposals of this kind, it is disappointing that attacks of this nature are launched at the end of the process, rather than during the consultation exercise."

Sale of De Lorean plant called off at last minute

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT yesterday called off a deal to create hundreds of jobs in the former De Lorean sports car factory in Belfast only minutes before it was due to be announced.

The Northern Ireland Industrial Development Board faced major embarrassment after cancelling a press conference to reveal plans by the London Refurbishing Company of March, near Peterborough, to buy part of the plant for a manufacturing project.

The board said: "The announcement of the completion of an agreement to provide for a new investment into Northern Ireland had to be cancelled today in order to allow for further appraisal of the project."

But it refused to comment on whether the decision was connected with investigations into the background of Mr Nic Wattiez, described as "project manager" of London Refurbishing.

Mr Wattiez of Huntingdon, Cambs, was convicted on a deception charge at Oxford Crown Court in January, 1979 and sentenced to five years. This was reduced to 3½ years by the Court of Appeal in London. It was said in court that the offence occurred after the collapse of Mr Wattiez's previous business, which involved furnishings, building and car hire.

An official for London Refurbishing, which is involved in the manufacture of furnishings for the hotel and public house market, said the reason the Northern Ireland jobs appeared to be in danger was that a person employed by the company had a criminal record from 10 years ago, and this appeared to be jeopardising the whole project.

"This person is not a board member. This person has no voting rights, and the senior management will sort out this problem," he said. He added that the company had 50 workers on site at the moment and had already spent around £500,000 on the project.

Four board members of London Refurbishing, which has been in operation for three years and has a turnover of £12m, remain in Belfast yesterday for talks with IDB officials in the hope of resurrecting the project.

It had been expected that the industrial development board and company officials would tell the press conference that Goverment grants would help set up a project providing at least 300 jobs in the former De Lorean plant, in an area of high unemployment west of Belfast.

Only minutes before it was due, a board official told waiting reporters that it had been called off but he gave no reason.

Mr Peter Viggers, the Northern Ireland Industry Minister, had prepared a statement welcoming the company's decision to locate in Ulster. But Mr Viggers' office asked for the statement to be withdrawn.

The Government has been seeking an occupant for the 650,000 sq ft De Lorean complex since the sports car company collapsed in 1982 at a cost of almost £80m to the taxpayer. A small part of the complex is currently used by Short Brothers, the Belfast aircraft company.

London Refurbishing said that the initial employment total of 300 would rise to 550 by November and to 850 by summer, 1988, and could ultimately reach 4,000. It claimed the plant would be the *most advanced furniture manufacturing* and assembly plant in the UK.

Short flag dispute, Back Page

Ratners acquires US retailer

BY CLAY HARRIS

RATNERS GROUP, Britain's largest jewellery retailer, yesterday achieved second place in the world market by buying Sterling, the fourth-ranking US chain, for $203m (£126m).

Ratners also agreed to buy Ernest Jones, the fifth largest group in the UK, with 61 shops, for £25m. The combined group will have a market capitalisation of about £620m and annual sales of about £400m.

The company launched its second rights issue within five weeks, the latest three-for-ten issue will raise £122m to add to the £82m of the original one-for-four, which was also priced at 310p. Ratners shares fell 26p yesterday to close at 337p.

The acquisitions will give Ratners 725 shops in Britain and 117 in the US, a worldwide total exceeded only by the combined People's and Zale group in North America, which has more than 1,500 outlets.

Mr Gerald Ratner, chairman and managing director, said Ratners aimed to have 3,000 US stores and 30 per cent of the market within 10 years. The group was still on course for its target of 1,000 UK shops, he said, although it did not envisage additional major acquisitions in Britain.

Ratners, which has pioneered the sale of jewellery as fashion rather than luxury, achieved pre-tax profits of £22.5m on sales of £158.2m in the 43 weeks to the end of January.

Sterling, based in Ohio, reported operating income of $14.4m on sales of $100m in the year to January. It trades in 15 states, mostly in the mid-west.

Ratners' $41 share offer, against $27 in over-the-counter trading on Thursday, has been accepted on behalf of 41 per cent of Sterling's shares. The US company has also granted Ratners an option for sufficient shares to ensure the success of it bid.

In the UK, Ratners is offering 250p in cash, with a share alternative, for Ernest Jones, a family-controlled group which achieved pre-tax profits of £1.7m in the 18 months to last September, although this is forecast to fall to £450,000 in the current year. Jones shares added 21p yesterday to close at 242p.

Jones will add about 1 per cent of the retail market to the estimated 15 per cent held by Ratners and its other trading names, H. Samuel, Terry's, Watches of Switzerland and James Walker.

Adding gold links to a chain, Page 8

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Midland signals end of traditional bank manager

BY DAVID LASCELLES, BANKING EDITOR

THE DAYS of the traditional British bank manager as purveyor of friendly, disinterested advice to his customers are numbered. From January he will be an undisguised salesman of his bank's wares.

This became clear with the announcement yesterday by Midland Bank that it will designate its branches as "company representatives" under the rules set out by the Securities and Investments Board, the recently constituted watchdog of the investment business. Barclays Bank also confirmed that it will be taking a similar route.

The SIB has said that from 1988, banks must "polarise" their business to separate the parts of their operations which sell the bank's own investment products from those which act as independent intermediaries, selling the products of other organisations on their merits.

Banks were given the choice of designating their branches as either company representatives or as independent intermediaries. Midland and Barclays are the first of the big four clearing banks to announce their choice.

This makes it more likely that the other clearing banks will follow a similar route. NatWest and Lloyds said last night that they were still considering their options. The TSB has already said that it was taking the route chosen by Midland and Barclays.

Midland said yesterday that its branches would be marketing a full range of investment products including the 12 existing unit trusts under its management. Customers wanting a more personalised service would be referred to a new organisation, Midland Bank Financial Services, formed from Midland Bank Insurance Services and Midland Bank Trust

The independent intermediary for the group would be based on the existing investment-related insurance business of Midland Bank Insurance Services. This would include the services of Midland's two stockbroking subsidiaries, Greenwell Montagu Stockbrokers and Smith Keen Cutler.

Mr Peter Axten, director of Midland's personal financial services division, said that Midland branches would have "counselling stations where customers could learn about and buy Midland's insurance and investment services. But it would be made clear to them either verbally or in writing that the station was acting as a sales representative and not as an independent intermediary.

He said Midland had chosen this route because it wanted to expand its shares of the financial services market, and believed this would also be the best way to motivate its staff. The bank wanted to make an early decision because of the large amount of planning needed.

Barclays said thhat it had made its choice because branches were the best way to market the life insurance and unit trust services provided by the group.

Ministers regret failure to imprison insider dealer

BY PETER RIDDELL,

SENIOR MINISTERS privately regret the failure to imprison Mr Geoffrey Collier, the former joint head of Morgan Grenfell Securities, who on Wednesday pleaded guilty to two insider dealing offences.

Ministers from a number of departments regard Mr Collier's sentence of 12 months' imprisonment, suspended for two years, and a £25,000 fine as too lenient given that he was the first person convicted under the 1985 Company Securities (Insider Dealing) Act which allows for up to two years' imprisonment.

There is also embarrassment in view of the Government's repeated determination to take a tough line against wrong-doing in the City and its proposal to raise the maximum penalty to seven years' imprisonment.

One minister's comment, that the sooner someone was behind bars as a result of City scandals the better, found wide agreement at Westminster. Ministers are sensitive to the charge that City wrongdoers are not being punished as severely as those involved in social security fraud.

However, ministers are keeping their remarks private, given the long-standing practice of not criticising particular judges or sentences. They also see no point in regretting publicly what cannot be changed.

Continued on Back Page

WEEKEND FT

HIGH TECH

There are more than 400 computer technology businesses in Cambridge — increasing by about 30 companies a year. Peter Marsh examines the reasons for the boom

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FINANCE

An Ombudsman for building societies

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PROPERTY

London and the Bahamas plus gardening.

Page X, XIII and XV

TRAVEL

Nigel Andrews reports from Florida.

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HOW TO SPEND IT

. . . on travel gadgets.

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BOOKS

Lord Chancellors past and present.

Page XVIII

WIMBLEDON

John Barrett's report—and Teresa McLean on cricket umpires.

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South Korean opposition seeks stance on reform

BY MAGGIE FORD IN SEOUL

SOUTH KOREA'S opposition leaders yesterday struggled to agree on a negotiating stance over proposed democratic reform, while Government and ruling party leaders met over the details of the plan.

Mr Kim Dae Jung and Mr Kim Young Sam failed to agree on two points—a proopsal for a national unity government to run the country over the election period until President Chun Doo Hwan steps down next February, and the timetable for National Assembly elections.

Government ministries in charge of implementing the reform proposals put forward last Monday by Mr Roh Tae Woo, leader of the ruling Democratic Justice Party, said they were making progress on the freedom of the press, the release of political prisoners and the restoration of Mr Kim Dae Jung's civil rights. Mr Lee Han Key, the South Korean Prime Minister, urged a speedy decision on this issue yesterday.

At the same time, about 20,000 students chanted anti-government slogans as radical leaders charged that the president did not intend to keep his pledges on reform.

The new democratic atmosphere has prompted several groups to voice complaints, but almost all have apparently proceeded through dialogue. Representatives of a village near a new nuclear power station held a meeting with their National Assembly member and the Korea Electric Power Corporation to ask for compensation for the loss of income from fishing and tourism when a local beach was closed to build this plant.

Taxi drivers in Taegu held a sit-in at their member's office asking for help in getting licences from the city administration. Two small strikes, one at a leather factory and the other at a grinding company, both in the western city of Inchon, were reported.

Meanwhile, in the first indication of what democracy might mean for business, the economic planning board said that the Fair Trade Commission was to crack down on unfair business practices by public sector corporations.

The move, aimed at helping smaller private contractors, would stop the corporations from arbitrarily reducing prices or changing agreed contracts. Analysts said promises like this had been made before, but suspended judgment until an investigation begins next month.

Seoul travel agents and airlines were optimistic about the effect of democracy, in anticipation of the Government's plans to take a more liberal attitude to issuing passports. Only 70,000 of South Korea's 43m people hold passports, other than those for business and study travel.

Taiwan to end martial law and introduce democracy

BY BOB KING IN TAIPEI

TAIWAN'S cabinet is to end nearly 40 years of martial law and bring in constitutional democracy after months of debate, punch-ups in parliament, and sometimes violent street demonstrations.

In an extended session late on Thursday night, the cabinet passed to parliament its recommendation that martial law be ended soon. MPs began discussions on the proposal on Friday and are certain to give their approval.

Then it will be up to President Chiang Ching-kuo, considered the architect of the past year's political reforms, to promulgate the measure and set a date for the formal lifting of martial law, probably before the end of July.

The Government moved swiftly after parliament last week passed a controversial national security law designed to replace some aspects of the martial decree. Opponents of the new law called it "old wine in new bottles."

The opposition has challenged one point in the new law stating that political parties and organisations must uphold the constitution and not advocate communism or Taiwan independence and another which, while guaranteeing that no civilian will in future be tried by military courts, did not allow those convicted in the past the right to appeal to civilian courts.

Members of the newly-formed opposition Democratic Progressive Party unsuccessfully lobbied for an end to martial law "without conditions."

When it became clear that their minority in parliament could not sway the vote on the new security law, they staged mostly non-violent street demonstrations and boycotted the final vote on the bill.

Aquino orders higher bail and revokes gun permits

PRESIDENT Corazon Aquino stiffened a law and order crackdown yesterday, increasing bail for common crimes and revoking special gun permits for civilians, Reuter reports from Manila.

Mrs Aquino told a meeting of judges: "Bail for all common crimes shall be increased 10 times, especially crimes against persons and property and illegal possession of firearms."

In Manila police set up roadblocks to search for illegal weapons following a spate of bombings in the city.

"All mission orders issued by any agency or instrumentality of government, other than the Philippine Constabulary and the National Bureau of Investigation, are hereby revoked," Mrs Aquino said. She was referring to special documents allowing security forces to carry arms when sent to do specific work.

Mission orders are sometimes issued to civilians, but they have been used as "authority" to carry guns by people posing as special agents. Police said the orders increased the number of unlicensed guns and were a major cause of crime.

Mrs Aquino made her comments just a day after ordering judicial and police authorities to impose stiffer sentences

She urged the judges to speed up court trials and prevent lawyers from delaying proceedings with postponements.

Reagan invokes the spirit of Jefferson

By Stewart Fleming, US Editor, in Washington

PRESIDENT Ronald Reagan yesterday took his campaign to revive his flagging presidency to Washington's most beautiful monument, the memorial to the man who drafted the US constitution, Thomas Jefferson. Mr Reagan declared that, 200 years after the constitution was signed, America still needs an "Economic Bill of Rights" to protect the freedom of its people.

"It is time to finish the job Jefferson began and to protect our people and their livelihoods with restrictions on government that will ensure the fundamental economic freedom of the people, the equivalent of an Economic Bill of Rights," the President told an audience of political sympathisers

Mr Reagan's political advisers resorted to the well-tried formula of putting the President in a setting they hope will reinforce his message. They sought to wring the maximum political advantage from a speech which was carefully crafted to intensify a confrontation with the Democrat-controlled Congress

With the Democrats on Capitol Hill already committed in their budget resolution to increase taxes in order to reduce the federal budget deficit, Mr Reagan called for a change in the constitution to require more than a simple majority in the Congress for any increase in taxation.

He reiterated the demand, which has been a well-worn theme particularly in his second term, that the constitution should also be amended to require a balanced budget and to strengthen the President's power by permitting him to veto individual spending proposals in the federal budget

He called for a "truth in spending" law which would require among other things, that every increase in federal government spending should be offset by reductions elsewhere in the budget and be accompanied by a statement of the effect on private costs, prices, employment and the ability of US companies to compete internationally.

Mr Reagan's advisers know, because they have tried and failed in the past to get a balanced budget amendment, that a weakened president cannot hope to get this legislation through Congress. But the proposals, and the decision to choose an ultra-conservative, Justice Robert Bork, as the new nominee to the Supreme Court, are designed to give Mr Reagan some themes he can employ to draw attention away from the Iran/Contra affair.

Mr Reagan's political opponents, however, will have little difficulty attacking many of his positions. His claim that freedom "is secured more than anything else by limitations placed on those in government authority" sounds odd coming from a President whose Administration is charged with having ignored congressional laws requiring timely notification of covert operations in the Iran/Contra affair and several of whose officials are facing criminal investigations as a result of the scandal.

Senior Administration officials have conceded that Mr Reagan was in large part repackaging themes he has put forward before on competitiveness welfare reform, deregulation and budget reform.

The inconsistencies in the Administration's proposals will also erode their credibility. A senior Administration official briefing reporters yesterday on the President's speech conceded that the most expensive federal programme currently envisaged, the Strategic Defence Initiative, would not in the Administration's view be subject to the "truth in spending" provision.

Andrew Whitley on the 800th anniversary of a Muslim hero

Arabs remember Saladin days

EXACTLY 800 years ago today, on a distinctive peak overlooking the Sea of Galilee, the Muslim forces of Saladin destroyed the flower of Western chivalry. After that decisive battle, the Crusader Kingdom went into a decline from which it never recovered.

All these centuries later, the tale is still being told in Arab homes and schools of how Saladin—or Salah ud-Din as he should be more correctly described—the great Arab hero, destroyed the alien intruder and restored Jerusalem to its rightful owners. Its contemporary relevance is not lost on those gathered around to listen.

One of those known to have taken the message deeply to heart is Syria's President Hafez al-Assad. The Golan Heights, which he lost to Israel in 1973, was the very spot from which Saladin's agile horse-borne archers swept down to trap and then destroy the heavily-armoured Crusader knights.

The parallel between the Crusader's 200-year tenure of the Holy Land, who depended on outside support and manpower, and the modern Jewish state of Israel, is one that Zionists indignantly reject as unthinkable. The Jews will never again be driven out of their ancestral land, they say, and Jerusalem is their eternal, undivided capital.

Whether they would be so confident if they could not rely on the $3bn a year in grants from Uncle Sam and up to another $2bn a year from other sources, notably world Jewry, is another matter.

But this weekend, instead of reflecting on the contemporary significance of the battle of the Horns of Hittin, Israel's leaders will be racking their brains to come up with a way to save an expensive fighter project, the Lavi, which Washington has told them to cancel.

The legacy of the Latin Kingdoms of the 12th and 13th centuries is not one that anyone of European origin can be especially proud of. The lingering reputation in the Holy Land, with Muslims and Jews alike, of the coarse, brutal Crusaders is a long way from that romantic image of chivalry and great-heartedness with which Western children grow up.

In pointed contrast to last month's celebration marking 20 years of the reunification of Jerusalem, the anniversary of Saladin's victory has been all but ignored in the media and in official statements. Its only acknowledgement has been an esoteric conference of Crusader academics.

Iranian fugitive stays in Paris embassy

BY GEORGE GRAHAM IN PARIS

MR WAHID GORDJI, the Iranian official wanted for questioning by the French police over last year's terrorist bomb attacks in Paris, remained last night in his embassy, where he has taken refuge.

Tension between the two countries continued to mount, with France refusing to withdraw its demand that Mr Gordji give himself up to the police and Iran maintaining its retaliatory blockade of the French embassy in Tehran.

The French Government appears determined not to send police into the Iranian embassy nor to grant Mr Gordji any sort of immunity. After a meeting between President Francois Mitterrand and Prime Minister Jacques Chirac, officials emphasised that both sides of the Government were united on the question.

Foreign ministry officials say that their relationship with Iran has reached a plateau, but say that the situation has been overdramatised and has not not become a crisis.

Diplomats in Paris suggested, however, that France's entire policy of normalising relations with Iran, begun when Mr Chirac's right-wing government came to power in March 1986, was on the verge of breakdown.

Some observers also said that the conflict had exposed the difficulties of pursuing the normalisation policy while at the same time maintaining close relations with Iraq.

The policy had made progress, leading to the partial settlement of a major financial dispute between the two countries over the repayment of a $1bn loan made by the former Shah of Iran to the French atomic energy commission.

Relations had become increasingly strained, however, as evidence mounted of Iranian involvement in terrorism in France, and reached a low point last month when nine Iranians were expelled from France after a swoop on Shi'ite Muslim groups suspected of links with terrorism.

The French embassy in Tehran has for the past month been encouraging French citizens to leave the country unless they have urgent reasons for remaining.

French officials also believe the policy had contributed to the release in November and December 1986 of three French hostages held in Lebanon.

Officials say the demand that Mr Gordji present himself for questioning is purely judicial. A warrant has been issued by Mr Gilles Boulouque, the judge in charge of investigating last summer's bombings, and Mr Gordji, who does not have diplomatic status, should answer that warrant.

Mr Gordji has been linked with Mr Mohammed Mouhadjer, a French national who has been charged with the wave of bomb attacks which left a dozen dead in Paris last summer.

In a press conference on Thursday night Mr Gordji and the Iranian charge d'affaires, Mr Gholam Reza Haddadi, said the episode had been created by opponents of the French policy of normalisation. They said a senior French foreign ministry official had promised them that the problem would be settled and advised Mr Gordji to lie low at the embassy.

The foreign ministry strenuously denied the claim.

Nigeria merges two-tier currency system

BY PATRICK SMITH IN LAGOS

THE NIGERIAN Government has announced the merger of its first and second tier exchange rates after operating a dual tier system since September 29 last year.

The exchange rate of the naira in all authorised transactions will now be determined by fortnightly foreign exchange auctions held by the Central Bank of Nigeria, Minister of Finance Dr Chu Okongwu said in Lagos.

The exchange rate for the naira determined at Thursday's auction was 3.95 naira to the US dollar, down from the previous rate of 3.70 naira determined at the June 16 foreign exchange auction.

Dr Okongwu said: "The new foreign exchange market will largely operate as a free market for the sale or purchase of foreign currencies based on rates determined by supply and demand. He added that the country's monetary authorities may intervene on the new market to "ensure its depth, orderliness and stability as well as to exercise supervisory and monitoring functions over its operation."

Before the merger of the rates, the first-tier exchange rate which the government used for foreign debt servicing and other specified foreign exchange outgoings, was fixed by government officials, while the second-tier rate used for all merchandise imports was determined by the central bank's foreign exchange auctions.

The merger of the two rates follows widespread criticism of the auction system by local business interests who argue that the second-tier rate had been allowed to fall too low against convertible currencies.

Although some local manufacturers had called for a reserve price tag to be put on the naira at the central bank auctions, there is still little consensus about what constitutes a "realistic exchange rate" for the naira. Estimates range between 3.00 naira to the dollar—one given by local businesses—to 4.50 naira suggested by some of the multilateral financial institutions dealing with Nigeria.

Banking sources in Lagos say they expect the naira exchange rate to continue to depreciate further until official funding of the market is substantially increased from its present level of $70m a fortnight.

Currrent estimates put genuine local demand at well over twice this level of supply. Mr Olu Falae, secretary to the government, said this week that the government would maintain the auction system as it opposed bureaucratically-fixed exchange rates, but that it would be increasing funding of the market later this year.

Development experts warn on loss of tropical forests

BY JOHN WYLES IN ROME

GOVERNMENTS and international development agencies were warned yesterday by a group of experts that their policies are putting at risk the world's tropical forests—now diminishing every year by an area the size of Belgium.

They called for major reforms to stave off "one of the most serious environmental threats of our times."

The experts, meeting in Bellagio, Italy, included officials from the UN's Food and Agriculture Organisation, the World Bank, the United Nations Development Programme, the World Resources Institute, and the Rockefeller Foundation.

Among other things, the experts urged governments to end subsidies and other policies that encourage economic inefficiency and the overharvesting of tropical forests.

With 56 countries now seriously feeling the effects, the experts warned that deforestation in the tropics was devastating food production, fuelwood and fodder supplies, soil fertility and water resources in developing countries."

They urged full support for the "Tropical Forestry Action Plan," launched in 1985 and supported by all major development agencies. Growing awareness of the problem has helped to push up the level of funds earmarked for forestry assistance rom $500m in 1984 to $1bn for 1988.

The forests are disappearing because the rise in populations is leading to greater demand for agricultural land, because of exploitation for industrial timber and because of government policies affecting land tenure, subsidies, and forest settlement.

Japan's trade and current account surpluses decline

JAPAN POSTED an unadjusted current account surplus of $7.088bn in May, dwindling from $7.653bn a year earlier and $7.985bn in the previous month, the finance ministry announced yesterday, AP-DJ reports from Tokyo.

The trade surplus also shrank in the month to $8.050bn from $8.299bn a year earlier and $8.790bn in April.

In May, finance ministry officials said the current account surplus declined from the level a year earlier for the first time since August 1984.

This could be an indication, they said, that the so-called j-curve effect may have started to wan after pushing up the surplus since late 1985.

That was when leading industrial countries agreed to guide the dollar down against the yen and other key currencies to help the US regain international competitiveness, bolster exports and cut its large trade deficit.

The j-curve effect leads initially to an increase in the current account surplus, before cutting it down following the appreciation of a currency. The j-curve effect is generally expected to last about a year and a half.

"We can't say anything definite yet," one ministry official said. "But we are inclined to think, after studying those statistics, that it may have started to recede."

He also pointed out that the current account surplus, seasonally adjusted, has continued to decline, since February. In May, the adjusted surplus totalled $7.068bn, down from $7.430bn in the previous month.

Exports, before seasonal adjustment and measured when contracts were settled, grew 3 per cent to $18.155bn from $17.653bn a year earlier

Mutilation of Peron seen as attack on democracy

THE theft of the hands from the corpse of the late President Juan Peron has intensified an increasingly savage campaign to upset Argentina's young democracy, Reuter reports from Buenos Aires.

Politicians say threats, bombings, killings and the grave-robbery, mostly the work of anonymous terrorists, are aimed at spreading a sense of insecurity and fear in order to undermine President Raul Alfonsin's government.

Leaders of Mr Alfonsin's Radical Party said the mutilation of General Peron's corpse was designed to force Argentines to relive memories of hate, violence and division.

But Peronists said the failure of Mr Alfonsin's government to capture the terrorists was dragging the nation back in time. "This act of savagery and impunity is taking us back to the Argentina that we thought we had overcome," Peronist Deputy Carlos Grosso said.

Gen Peron, who died in 1974, was elected president three times, in 1945, 1952 and in 1973. He spent almost two decades in exile after being ousted in a military coup in 1955.

After the coup the body of his second wife, Eva "Evita" Peron, was stolen and secretly buried in Italy. Her body was returned to Argentina in the early 1970s and buried in a vault-like tomb.

Since Mr Alfonsin took power in 1983, ending eight years of military rule, terrorists have staged repeated attacks.

Ine one of the first, a bomb was discovered on a jumbo jet that was to take Peron's widow—his third wife—and successor, Maria Estela Martinez de Peron, to Spain after she lent support to Mr Alfonsin's government.

A wave of bombings forced Mr Alfonsin's government to declare a state of siege prior to 1985 legislative elections and further attacks preceded an Easter uprising by army officers this year.

In the past two weeks bombs have rocked 15 offices of Gen Alfonsin's party and the homes of two judges trying military officers for human rights violations. A Communist party activist was assassinated with a shot in the head.

Peronist and labour leaders said they were in virtual agreement to call a massive demonstration to repudiate the grave robbery and urge the government to carry out a thorough investigation of the crime.

Virtually all political leaders said they did not take seriously a demand for an $8m ransom for the return of the hands.

The ransom demand was contained in a note to Peronist and labour leaders, which contained the first news of the removal of the hands from Gen Peron's corpse.

Judge Jaime Far Suau, after a lengthy investigation in Peron's tomb, confirmed that Peron's hands were missing along with a military sabre that has rested on the top of the former president's coffin.

Police investigators had to call in firemen for help in opening a 170 kg (375 lb) protective covering to the coffin, which had been shut tight with 12 triple-combination locks.

The judge said the job appeared to be the work of professionals as they did not "leave any trail."

Polish reforms open way for World Bank loan

A SENIOR World Bank official said new economic reform measures proposed by the Polish Government had opened the way for Poland to receive its first loans from the international lending agency, Polish newspapers reported yesterday, Reuter reports from Warsaw.

Mr Eugenio F. Lari, the World Bank's department director for Eastern Europe, told the state-run PAP news agency that preparations were underway to grant Poland loans in the current fiscal year that ends on June 30 1988.

Chris Sherwell reports on the Australian election campaign in which the ruling party is protecting its leader from himself

Labor puts a presidential gloss on Prime Minister Hawke

ONE OF Mr Bob Hawke's key campaign managers remarked at the launch of the Labour Party's election campaign in a glitzy ceremony at the Sydney Opera House: "We don't want Bob Hawke in any bad situations. No awkward public meetings. No occasion to lose his temper. First he's to be shown leading a united team. Then, increasingly presidential."

To hear Labour candidates and campaign workers, the tactic, and the rest of the party's carefully planned campaign strategy, has worked well — so far.

With a week to go to election day next Saturday, opinion polls have Labor ahead ahead of the last election in Liberal and National parties and Prime Minister Mr Hawke well up on Mr John Howard, the Liberal leader.

That was how things stood ahead ofthe last election in 1984, when Mr Hawke took on Mr Howard's more charismatic if less substantial predecessor, Mr Andrew Peacock.

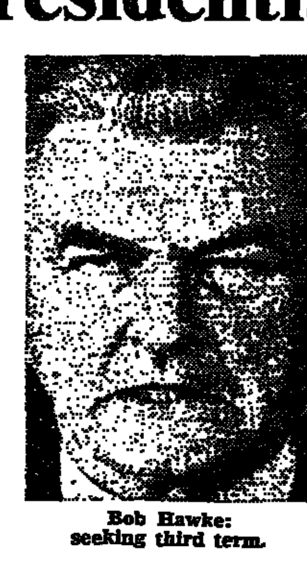
In the event Mr Hawke saw his margin eaten away in the last few days of the campaign, and Labor ended with a narrowed majority of only 16 seats in the 148-seat House of Representatives.

To snatch victory this time, the opposition needs only a swing of around 2½ per cent in the popular vote to win nine Labor seats. In such a close fight, the final few days will be crucial as large numbers of undecided voters make up their minds.

The Liberals and Nationals are more confident than they were when Mr Hawke called the election in late May. His decision caught them badly on the hop. Split by demoralising leadership squabbles, they offered an embarrassing contrast to Labor's public unity.

This week they have looked more coherent, having produced several policy proposals for the future. Though Labor has attacked these as irresponsible, there is an ironic reversal of roles since Mr Hawke is trying to run mostly on his record, a position difficult to sustain.

The two sides are fighting their campaigns through television, radio and newspapers rather than on the doorstep, meeting hall or factory gate. There are plenty of leaflets but few street posters, scores of exhausted candidates but few handshaking exercises.



Bob Hawke: seeking third term.

Conducting an election campaign in Australia is not easy, though the constituencies have relatively small numbers of voters (about 70,000), those outside the urban area are truly massive—the largest, in Western Australia, is similar in size to Western Europe.

Public interest is also low, in spite of the muddy slurs and innuendoes which candidates insist on casting upon their opponents.

This is partly because the media, from the start, have chronicled the minutiae of the campaign to mind-numbing effect. It is also because in Australia's federal system the national and many state governments change every three years and voting is compulsory. Too many empty words and broken promises from the mostly unimpressive politicians have bred cynicism, disillusion and apathy.

Voters who wish to register a protest risk a A$50 (£22) fine if they do not turn up, or else spoil their ballots. Most do neither, but their resentment smoulders.

As in the other mass democracies, glossy advertisements, "targeted" mail and opinion polls—including unverifiable "internal" polls by the parties — have become Australia's unfortunate new weapons of electoral combat.

Labor has turned its campaign slogan, "Let's stick together. Let's see it through," into a catchy jingle. Its emphasis on unity neatly contrasts the party with the still-divided opposition. It also tries to turn to advantage Labor's too-vague programme for the future by pointing at one to be finished.

John Howard doing too much

The Liberals' "Get in front again" plays on voters' feelings that their living standards have dropped under Labor, that Australia has fallen behind other countries, and that improvement requires change.

These and other themes will be played up further in a gloves-off advertising blitz planned by both sides for the last few days of the campaign. Yet neither Mr Hawke nor Mr Howard have inspired ordinary voters.

The opposition leader, more articulate than Mr Hawke, has begun shining better now that detractors on his own side are letting him lead. His ability to speak unscripted, as he did at his own more down-to-earth campaign launch, did him good.

Until a new campaign manager stepped in this week Mr Howard was trying to do too much each day, often with damaging results. And he retains an alarming tendency to speak of his opposition in the first person singular.

Mr Hawke, in his travels to key marginal constituencies all over the country, has been following a more limited schedule. Thoroughly prepared in advance, it is geared almost totally to early evening television newsbulletins.

Not for him a formal press conference or a television debate. Instead he is photographed conducting an orchestra, playing cricket and dressed up in surgical gear, or else behaving in a manner befitting his station—as leader of his country or, more crudely, fighting for the "needy against the greedy."

At convenient moments, Mr Hawke offers carefully-chosen kerbside comments on the campaign to journalists travelling with him. But he gives away little, even in the couple of extended one-on-one press interviews he has allowed.

With some effort, and despite being jostled and even kicked by protesters, he has avoided becoming embroiled in any mud-slinging and, what is more important, the temptation to snap back in anger at irritating questioners who might doubt his integrity.

The result of this low-key yet high-profile campaign is that, as intended, Mr Hawke appears "presidential." This may have to change. He is not as popular as he once was—and in his battle to win a historic third term he still has two enemies apart from Mr Howard: arrogance and complacency.

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OVERSEAS NEWS

Moscow likely to back UN move to end Gulf War

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION is likely to support a UN Security Council resolution calling for a ceasefire in the Gulf but will probably not agree to an arms embargo or other sanctions, diplomats said in Moscow yesterday.

Gen Vernon Walters, the US ambassador to the UN, who is visiting Moscow, appears to have had a favourable response to his bid to get the Soviet Union to agree to a unanimous and binding Security Council resolution calling for a ceasefire, an exchange of prisoners and a return to pre-war boundaries by Iran and Iraq.

The focus of attention is now on Soviet reaction if Iran refuses to abide by the resolution and the Security Council seeks to enforce it. Iraq has already indicated that it will go along with a ceasefire.

Diplomats in Moscow say the most likely UN sanction against Iran is an arms embargo but that would immediately involve China, one of the main suppliers *of weapons. Moscow is Iraq's* chief source of weapons—apart from France, which has provided the aircraft and missiles striking at Iran's oil shipments.

Western defence specialists in Moscow say that Mr Taha Yassin Ramadan, Iraqi deputy Prime Minister, may ask for the supply of Mig-29 aircraft, the most advanced type to be made available to Third World countries, including Syria.

An embargo on Iranian oil is not considered likely to receive Soviet support.

Soviet media have continued to criticise the US role in the

Vernon Walters: favourable response.

Gulf saying that Washington was using the Iran-Iraq conflict to extend its influence in the region.

The Soviet news agency Tass said yesterday: "If anyone is *trying by all means possible to* assert military and political supremacy in the Gulf region, then it is the US, which has declared it a zone of its vital interest."

Overall the Soviet attitude continues to be that the Iran-Iraq war is against its interests because it divides the Arabs and makes them more reliant on the US. It also weakens Iraq to which Moscow is linked by a treaty of friendship and co-operation.

The Soviet navy maintains a minimum presence in or near the Gulf although this could be reinforced if necessary.

W German jobless total shows 0.9% rise

By David Marsh in Bonn

WEST GERMAN unemployment last month rose by 0.9 per cent compared with June 1986, delivering a clear sign of the weakening in the country's economy, according to official figures published yesterday.

The number out of work fell marginally by 1,772 to 2,096,918 during the month, a much smaller monthly fall than normal at the onset of the summer.

Although the Government tried to put a brave face on the figures, they cast doubt on the assumption in Bonn that, following a period of stagnation since last autumn, the economy since the spring has been moving up again.

The number out of work was 18.733 higher than the total in June 1986, the first occasion for a long time that the year-on-year total has failed to show a decline.

Mr Heinrich Franke, president of the Federal Labour Office, said expectations of a revival in the jobs market in June had not been fulfilled. The Government spokesman said Bonn "regretted" the worsening trend but blamed it partly on the rising labour force.

Greece exceeds payments target

GREECE'S current account deficit in the first five months of this year reached $1.34bn against a target for the whole of 1987 of $1.25bn set in the Government's economic stabilisation programme, writes Andriana Ierodiaconou in Athens.

The main factor accounting for the overshooting is a 21.5 per cent increase in non-oil imports. In spite of an increase in exports, this has led to a widening ofthe trade deficit from $2.5bn in the first five months of 1986 to $2.8bn this year.

Meanwhile invisible earnings between January and May went up to $2.5bn from $2bn in the same period in 1986, mainly reflecting higher tourism earnings.

Nato hindering arms pact, says Gorbachev

SOVIET leader Mr Mikhail Gorbachev yesterday accused Nato of hindering a superpower medium-range arms pact by proposals that amounted to an attempt to dismantle the Soviet system, Reuter reports from Moscow.

Mr Gorbachev told a Kremlin banquet for visiting Indian Prime Minister Mr Rajiv Gandhi: "We propose dismantling the entire system of weapons of mass annihilation and reducing other weapons to the level of sensible sufficiency. In response we are being offered a dismantling of a social system — our system." He also accused the Western alliance of clinging to "the now utterly unacceptable concept" of nuclear deterrence.

The superpowers have been negotiating the removal of all US and Soviet medium- and shorter-range nuclear missiles from Europe as a first step towards broader arms reductions.

Nato has also stated a preference for a world-wide ban on superpower medium-range arms, but Moscow has rejected this as violating an agreement reached by Mr Gorbachev and US President Reagan at Reykjavik last year.

Under that agreement, each superpower would retain 100 medium-range warheads on its own territory.

Mr Gorbachev said that despite encouraging signs, a superpower medium- and shorter-range arms pact remained just a possibility due to the Nato stand.

He repeated Soviet calls for a comprehensive international security system that would cover all countries and regions and take into account all factors affecting world relations —military, political, economic, ecological and humanitarian.

Whiskey group to shed 200 jobs

IRISH Distillers Group, makers of prime Irish whiskeys, yesterday announced it is to shed 200 jobs, bringing to nearly 1,000 the number of redundancies announced by two of Ireland's biggest companies this week, writes Hugh Carnegy in Dublin.

The cuts come at a time of acute unemployment in the Republic. Figures released yesterday showed the numbers out of work at the end of June just under the 250,000 mark, or about 19 per cent of the workforce, one of the highest rates in Europe.

Montedison chief faces exchange controls probe

BY JOHN WYLES IN ROME

MR MARIO SCHIMBERNI, the chairman of Montedison, the Italian chemicals giant, is under investigation for alleged breaches of Italian exchange control regulations.

The inquiries are focussing on the controversial purchase last spring by the Montedison-controlled holding company, Iniziativa Meta, of a 12.5 per cent stake in La Fondiaria, the Florentine insurance company.

The purchase outraged the more traditional members of the Italian corporate establishment because it raised Meta's stake to 37.5 per cent, giving it effective control of La Fondiaria without any prior agreement from the other shareholder groups.

Mr Schimberni is under suspicion as chairman of Meta, together with its managing director, Mr Giuseppe Garofano, and two other senior executives. The investigation follows inquiries by the Italian Guardia *Di Finanza*—the tax investigators—into the purchase of La Fondiaria shares between winter 1985 and January 1986 by six foreign banks, five of them Zurich-based.

Meta purchased these shares for L740bn which was thought at the time to be L200-L300bn more than the banks had paid.

Turkish bomb plot trial opens

FOUR alleged members of the pro-Iranian Hizbollah (Party of God) organisation went on trial yesterday accused of plotting bomb attacks in Turkey, Reuter reports from Ankara.

A court in Malatya, south-east Turkey, heard that the four—an Iranian, a Lebanese and two Turks—planned to attack US military installations and a big steel works at Iskenderun, southern Turkey.

They had brought explosives into Turkey but were caught before they carried out their plans, a prosecutor said.

The four were named as Iranian Ubeyt Jaafar, Lebanese Mohammed Janbay and Turks Bedrettin Gunduz and Hidir Filiz.

The case was adjourned.

Ministry muddle closes a top Vienna tourist attraction

BY JUDY DEMPSEY IN VIENNA

PUZZLED tourists to Vienna were more than surprised to find one of the country's most famous museums and palaces, the Belvedere, out of bounds earlier this week. "Geschlossen" (closed) was the only explanation given to the perspiring tourists who under a beating sun made for the old imperial Hofburg. Luckily for them, it was open.

The closure for a day of the Belvedere was prompted by, of all things, a staff shortage. It may seem a bit strange not to have the full complement of staff at the height of the summer season, especially in a place like Vienna which prides itself on its fine museums and palaces.

It all started when Dr Alfred Dallinger, the Social Services Minister, launched a youth employment scheme for those people who had been out of work for more than six months. The idea was that they would be given work for a year and their salaries would be paid by the Social Services Ministry. The hope was that these young people would eventually, through experience, gain some kind of permanent job.

What, one might well ask, has this to do with the closure of the Belvedere Palace? The answer is that 121 young people were sent to the ten state-run museums, one of which includes the Belvedere. Since they did not find permanent work there, and since the year was up, they had to leave their jobs. "We simply had no more money to keep them on," a spokesman from the Ministry of Social Services said.

"We now haven't enough people to keep the museums open," replied a spokeswoman from the Ministry of Science and Research, which also includes culture. The minister, Dr Hans Tuppy, is holding a meeting on Sunday to try to resolve the problem.

In the meantime, tourists have been saved from more sudden closures thanks to one of Austria's most famous artists, Mr Andre Heller. He has agreed to put up 60,000 Austrian schillings (£3,000) to keep the 121 people in their jobs for another week. "Dr Tuppy will have to act fast if he wants the museums to remain open every day," one tour guide said.

But it is not only about money and politics. It is also about management. The state-run museums are notorious for their poor management which is "desperately old-fashioned" as one ministry official described it. She criticised the layout of the museums, the poor lighting and the whole atmosphere in which exhibitions are organised.

The classic rejoinder to this was that wonderful fin-de-siecle exhibition, "Dream and Reality," which was held in Vienna during summer 1985. It received much praise for the contents, but damning criticism for the layout, in particular the lack of space, light and air to show off some of Austria's best cultural successes. Some critics are now hoping that the controversy will open up a fresh debate on the running of Austria's state-run museums.

UK NEWS

Lisa Wood and David Loshak on the need for more research in the licensing debate

Pub hours move raises temperance tempers

THE GOVERNMENT'S proposal to extend licensing hours in public houses, announced last week in the Queen's speech, has provoked a predictably hostile response from temperance organisations.

Organised opponents of extending drinking hours in England and Wales include Action on Alcohol Abuse and Alcohol Concern, with the British Medical Association casting a concerned eye over the debate.

The BMA has announced its intention to lobby against any change in the law, with a call for more research into whether the change, if enacted, would worsen problem drinking.

But experience suggests that inflexible licensing hours and other regulations aimed at curbing alcohol abuse seldom make public health any better. A classic case was Prohibition in the US during the 1920s, a decade when American alcoholism soared.

In England, where brewers spend more than £200m a year on advertising, the debate will focus on whether increased availability will inevitably lead to increased consumption, and on its effect on alcohol-related problems such as liver disorders.

The Government, in announcing its intention to push forward with legislation that would provide 12 hours' drinking time each day in England and Wales, has pointed to the Scottish experience.

Since 1976, public bars in

"Licensing: limited role in control of alcohol misuse."

Scotland have been allowed to open for an extra hour in the evening. In addition, some all-day licences, or regular extensions of permitted hours, have been issued by licensing courts.

The Government has pointed to the results of a survey by *the Office of Census and Population Studies*, published in 1986, which showed alcohol consumption among Scots men was virtually the same in 1984 as it was in 1976. Retired and working men's consumption had gone up slightly and the OCPS hinted that had unemployment not been as high in Scotland, total consumption may have been slightly greater.

Drinking among women generally increased, with younger women drinking most, on average consuming the equivalent of five glasses of *wine a week in 1976 compared* with seven glasses in 1984.

That increase among women was subsequently interpreted by the Scottish Office as a more generally relaxted attitude to drinking by women — a trend also evident in England.

The conclusion of the OCPS survey, which was not a scientific study, was favourable to the licensing law changes. It said the people survey thought longer hours had led to more civilised drinking habits.

A more scientific approach has been taken by the Alcohol Research group of the Psychiatry Department of the University of Edinburgh.

An appraisal compared trends in alcohol-related crimes, hospital admissions and deaths in Scotland with those in England and Wales since 1970.

The conclusion was that the effect of relaxing laws in Scotland had been broadly neutral on trends of alcohol-related illness and death.

A higher proportion of men and women do die in Scotland from liver disorders and more are admitted to hospital for alcohol-related conditions than in England and Wales, but that has been a consistent pattern since 1970, six years before opening hours were relaxed.

Dr Martin Plant and Mr John Duffy, authors of the study said: "Throughout the period under review Scotland had a noticeably higher level of alcohol-related problems than did the rest of Britain. The reasons for this are not entirely clear, since *several studies have suggested* that both levels and patterns of Scottish alcohol consumption are similar to those in England and Wales."

The conclusion the authors drew from their study was that the Clayson Committee, which made a report to Parliament in 1973, was correct in declaring that "licensing, a negative and restrictive process, can play only a strictly limited role in the control of alcohol misuse."

Mr Duffy said yesterday that the Government should not be uncritical of research into the Scottish experience. The price of alcohol had increased in Scotland after liberalisation, as brewers sought to cover the cost of additional staff. That, Mr Duffy said, might have tempered any move towards drinking more.

"Neither did we have a free-for-all in Scotland," he said. "The licensing boards have to give permission for extensions in the afternoon or early morning. That exerts some control.

"We consider it extremely important," Mr Duffy said, "that the Government makes a very close review of the situation before and after any relaxation of the law. It is no good looking at the issue after reform. Alcohol is a major public public-health issue and there is a moral obligation on Government to assess the impact of relaxing the law."

The Government has expressed concern over a series of alcohol-related issues, particularly under-age drinking. Although no important study has yet been announced on the lines proposed by Mr Duffy and the temperance organisations, the issue of research will be raised in response to the consultation document that the Home Office will shortly be issuing.

Tourism minister pledges war on squalor

BY IVOR OWEN

A CRUSADE to banish squalor and promote a "spotless Britain" was promised by Mr John Lee, Employment Under Secretary with special responsibility for tourism, in the Commons yesterday.

While acknowledging that there had been a dramatic improvement in standards of cleanliness, he insisted that still more needed to be done.

Mr Lee said: "We still see too much litter around our streets—too many tables that are left uncleaned for too long.

"We still find some smaller pubs, catering establishments, petrol stations and public places without hot water in toilets and with one small, unhygienic towel hanging on the wall — if that."

Mr Lee, in his first speech since being given responsibility for tourism, said he intended to be the scourge of the unhygienic and the uncaring and would be ready to admonish them in public and private.

He pointed to the £1bn worth of new projects under way in the UK as evidence ofthe well-being of the tourist industry.

Mr Lee said total tourist spending from home and overseas was £15bn in 1986—a good 3 per cent of the gross domestic product.

Tourism was making a real contribution to the regeneration of many northern towns and cities, while "old favourites" such as Madame Tussauds and the Tower of London each attracted more than 2m visitors a year.

Mr Barry Sheerman, a Labour front-bench spokesman, said staff cuts had caused more and more trains on the London Underground to fall victim to vandalism and graffiti.

Some tourists were too frightened to use the Underground late at night because they were afraid of violence, and he feared a cycle of decline leading to problems similar to those experienced on New York's subway.

Mr Sheerman said Labour appreciated the importance of the tourist industry but said it should be complementary to manufacturing and not a substitute for it.

Shops in Oxford Street and other prime centres were offering tourists far too many items imported from Taiwan and other cheap production areas and did not offer a sufficiently wide range of British goods.

Mr Max Madden, another Labour MP, criticised the Prime Minister, Mrs Margaret Thatcher, for "embroiling" the Prince of Wales in an embarrassing argument over his role in combating inner-city problems.

He said: "I hope that Prince Charles will not be deterred in any way from the very important work that he has been undertaking."

Postal voting to be reviewed

By Ivor Owen

IMPROVED ARRANGEMENTS for enabling electors to secure a postal vote in general and local-government elections are to be considered

Mr Douglas Hogg, Home Office Under-Secretary, acknowledged in the Commons yesterday that the recent general election had indicated the need for changes.

It was quite clear, he said, that those who changed their address had found it extremely difficult to vote.

Mr Hogg assured MPs who highlighted the difficulties experienced by some of their constituents last month that the procedures for postal and proxy voting would be reviewed.

Mr Nicholas Baker (C North Dorset), spoke of applicants having difficulty in correctly completing the forms, and Sir Geoffrey Finsberg (C. Hamp*stead and Highgate) criticised* the requirement for attestation.

Mr Neil Thorne (C Ilford South) claimed that postal delays had robbed people of their votes.

Sir George Young (C Ealing Acton) said the system drawn up under the 1985 Representation of the People Act, was a "shambles." He added: "In seeking to interpret the will of Parliament, the Home Office has been restrictive and incompetent."

Development body banks on private support

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

THE NEW TRAFFORD Park *Urban Development Corporation* is expecting to attract at least £7 from private sector developers and companies for every £1 of government money being put into it.

This would give it the best "leverage ratio" yet achieved under the Government's urban regeneration policy, which aims at a 4-to-1 level but settles for 2-to-1 or even par if that is the best it can get.

Government plans are for up to £160m to be spent over the next six years on each of its four new UDCs. The others are in the Black country and in the north-east at Cleveland and Tyne and Wear. Trafford Park is therefore expecting to pull in about £1bn of private sector investment.

The Trafford Park figure is based on a flood of serious inquiries already received, with Scandinavian, Japanese and US companies prominent. *Pension funds are also keen to back* factory building projects.

The UDC, which was announced only last October and designated in February, is actually embarrassed by the interest. Its key role will be to assemble land and prepare it for development. The problem will be to move fast enough to meet what looks likely to be a rising demand.

Mr Peter Hadfield, the chairman, made the 7-to-1 forecast yesterday during a visit by Mr Nicholas Ridley, the Environment Secretary, who is making UDCs a key plank of government policy. Success is likely to encourage the Government to set up more of them.

The visit coincided with the appointment of the UDC's chief executive. He is Mr Mike Shields, chief executive of Trafford Borough Council, who played a leading part in drawing up the planning strategy on *which the UDC is based.* Such specialised local knowledge is expected to accelerate Trafford Park's response to demand.

One advantage Trafford Park has is that it already exists as a vast industrial estate. It was in decline, with land ownership fragmenting, but occupies 2,000 acres and houses more than 600 businesses—some of them industrial giants such as ICI, GEC, Procter & Gamble and Ciba-Geigy.

Its western end is within a few hundred yards of the M63, which leads straight into the national motorway network. Its eastern boundaries are near Manchester city centre, the north's main centre for financial and professional services, which is developing rapidly and now contains 52 different banks.

The UDC is actively supported by the boroughs of Trafford and Salford. It also straddles the Manchester Ship *Canal, with its miles of potentially* attractive land for waterfront development.

Development is already under way at Salford Quays, in the old Port of Manchester docks, where an eight-screen Cannon cinema and a Copthorne Hotel have opened recently.

Mr Ridley fired a warning shot for councils hostile to UDCs such as Manchester. He said: "The Government is mounting a determined attack on industrial decline and environmental mess. This is necessary if prosperity is to be spread to all parts of the UK.

"I am hoping we will find a way of working with all the councils. But if we cannot, what is more important — is it to improve the lot of the people, or is it to be obstructed by councils who do not agree with us?"

Fishing vessel owners meet court setback

SPANISH OWNERS of British-registered deep sea fishing vessels suffered a setback yesterday in their attempt in the High Court to challenge planned legislation requiring such vessels to be owned by British subjects living in the UK.

The legislation will be retrospective and will attempt to ensure that British EC fish quotas go to British fishermen, not vessels flying a British "flag of convenience."

The Queen's Divisional Court upheld a Ministry of Agriculture claim that the court would first have to decide whether it had the power to hear an attempt to challenge a proposed act of Parliament.

If not, the Spanish owners' action would be struck out.

Shortage of craftsmen increasing in building industry

BY FIONA THOMPSON

SKILL SHORTAGES in the building industry are on the increase in all regions of the country, according to the Federation of Master Builders.

A federation survey of 364 companies in the industry reported this week that 200 companies (55 per cent), were short of skilled craftsmen. That compared with 39 per cent in January 1986, when the federation first surveyed manpower availability.

The present survey, conducted in March, showed that it was not strictly a question of the north-south divide. The north also lacked skilled workers—in spite of the many unemployed—although the figures for the south were higher.

In the north, 46 per cent of the respondents were experiencing shortages, up from 20 per cent in 1986. In Wales the figure was 55 per cent (38 per cent). The highest total was London, where 75 per cent were suffering shortages, up from 53 per cent in 1986. In the southern counties, the figure was 70 per cent.

Carpenters and bricklayers were most needed by employers. Of the 200 companies reporting a shortage, 66 per cent were having difficulty in recruiting carpenters and 46 per cent bricklayers.

The federation hopes the report will intensify the training efforts of the Construction Industry Training Board and the Manpower Services Committee.

Mr Norman Stodgell, president of the federation, said: "If there is not an urgent response to the findings, then today's labour difficulties will become tomorrow's crisis."

Opec leader warns of 'worse' oil price fall

BY LUCY KELLAWAY

UNLESS OPEC members abide by their production quotas, the market might face an even worse price collapse than that of last year.

That warning was issued by Mr Rilwanu Lukman, the Nigerian oil minister and president of the Organisation of Petroleum Exporting Countries, at a Financial Times conference in London entitled Oil and Gas Re-Appraised.

He said that in the first half of the year, most member countries—with the exception of Iraq, which is not part of the latest agreements on output—kept within their quotas "with only minor and temporary infractions."

Mr Lukman described the outcome of last week's Vienna meeting, which reduced the quota for the fourth quarter of the year from 18.3m barrels to 16.6m, as "bold and imaginative" and said he was "reasonably certain" that members would adhere to it.

In the interests of market stability, Mr Lukman called on non-Opec countries to co-operate with Opec, and described as "gratifying" recent efforts by some to curtail production. He said any move by the US to impose an oil import fee would upset market stability and interefere with the ability of oil producers to defend prices.

Since the December meeting, which set a target oil price of $18 a barrel, the fall in the value ofthe US dollar had reduced the purachasing power of a barrel of oil by 16 per cent, Mr Lukman said.

The Vienna meeting had discussed the possiblity of pricing oil according to a basekt of currencies, he said, but added that the preferred a simple system that was easier to implement above anything so complex.

FT CONFERENCE

Oil & Gas Reappraised

"It is easier to look at what has happened, and the change the dollar price, if we have to." he said. If the dollar continued to decline for the rest oft he year, however, Opec might have to review its position.

Most of the other speakers were preoccupied with the North Sea and registered the improvement that has taken place there since the recovery in the oil price this year.

Mr John Deakin, tax manager at Mobil, called on the Government to amend the capital gains tax treatment arising from the sale of North Sea licences. He said that whereas other industries could defer the CGT arising from the sale of an asset used in the business, the Government had recently announced that gains on sales of oil licences could not be deferred.

Mr Deakin said a restriction would cut expenditure in the North Sea. "In order to achieve an immediate tax boost to the Exchequer, the Government is apparently prepared to put at risk future development of the UKCS," he said.

Mr Peter Gaffney, of Gaffney Cline & Associates, said it had taken the brutal plunge in the oil price for the industry to correct its profligate spending on North Sea developments. He said the challenge now facing oil companies was to cut costs so that projects that were not economic previously at an oil price of $30 to $35 a barrel, could be viable at a price of $18 to $20 a barrel.

Mr Neil Pike, head of energy at Citibank, welcomed the recent price stability. Mr Pike said that after recent shocks the price had returned towards its "long-term trend line," and that would mean no shortage of new projects nor of ways to finance them. In cases where conventional equity or debt were not available, he predicted a heavier dependence on new hybrid financing techniques.

The other speakers were Mr Peter Wildblood, chief executive of the International Petroleum Exchange, Mr Christopher Masters, head of energy at National Westminster Bank, and Mr Colin Shelley of Poten and Partners.

Prince voices support for Spitalfields contender

BY GILIAN DARLEY

THE PRINCE of Wales has intervened again in a sensitive development proposal. Speaking at the launch of the Community Enterprise Scheme awards at the London headquarters of the Royal Institute of British Architects yesterday, he came out in favour of one of the three designs for the large-scale redevelopment of the Spitalfields market.

He suggested that the area provided a model for urban regeneration and described Mr Quinlan Terry's scheme as a "unique opportunity for a classical revival." Mr Terry is the architect for developer Rosehaugh Stanhope, one of the three contending for the site.

The others are the Spitalfields Development Group, a consortium led by London and Edinburgh Trust, with architects Fitzroy Robinson and Richard MacCormac; and, new on the scene, Priest Marians, with three architectural practices.

The Terry proposal is for a formal neo-classical solution. Prince Charles's comments are bound to rekindle arguments on the wisdom of his overt support for proposals still at a delicate negotiation stage. Tower Hamlets planners are currently reporting to the committee that will grant consent. Mr MacCormac was taken aback to hear of the comments.

"It is important not to see it superficially as a battle of styles," he said.

Prince Charles is becoming a regular commentator on architectural topics, ever since his "carbuncle" remark stirred controversy over the designs for the National Gallery extension.

As one RIBA member put it: "It is a bit like the Prince suggesting that ITT get a British Telecom contract."

Prince Charles's opinions on Spitalfields rather overshadowed the CES awards, which were given to nine schemes, including a self-build housing project at Telford and a group of reconstructed barns on the Ridgeway put to use as a youth hostel.

Other speakers included Lord Scarman and Mr Rod Hackney, President of the RIBA. Prince Charles's remarks, linking the vast redevelopment of the East End fruit and vegetable market with the localised efforts of small community groups, are bound to cause surprise in architectural circles; but, as the Prince put it: "This is one of my rare opportunities to stir things up."

Paul Cheeseright writes: This is Prince Charles's second recent intervention in the planning process. Last week he came out firmly in favour of the modernisation and development proposals for the Royal Opera House at Covent Garden, days before a bitterly-contested debate at the Westminster City Council.

The timing of the Spitalfields intervention is equally delicate. The site is owned by the City of London Corporation, which has called for tenders to be lodged for its purchase by the end of July but the successful tenderer must have planning permission from the Borough of Tower Hamlets for a redevelopment scheme.

The Spitalfields Development Group and the Rosehaugh Stanhope schemes are based on the removal of the fruit and vegetable market to another site.

Hughes deal brings satellite TV closer

By Raymond Snoddy

A DIRECT satellite broadcasting service in Britain is likely to begin sooner than expected because of an unusual deal between British Satellite Broadcasting and the Hughes Aircraft Company of the US.

BSB, the British direct-broadcasting franchise holder, asked Hughes to start work on the satellites in May, when it was still negotiating with Hughes and two other satellite suppliers and before it had finalised its finance or signed contracts with the Independent Broadcasting Authority.

The founder shareholders of BSB—Granada, Pearson (publishers of the Financial Times), Virgin and Anglia Television—risked up to $5m by asking Hughes to begin work before it was certain that Hughes would win the final contract.

The intention was to do everything possible to ensure that British direct broadcasting by satellite—three new national channels of television beamed from space to dish aerials on individual homes—could launch its service by Christmas 1989 at the latest.

When BSB announced on June 2 that it intended to award the £200m satellite contract to Hughes, work had already begun on the satellites. Although formal contracts have yet to be signed, more than 100 Hughes employees are already building the satellites.

The result is that the BSB satellites are now scheduled for launch in the third quarter of 1989 and a direct broadcasting service might go on the air as early as September that year. That would improve the chances of building up subscriber numbers in the pre-Christmas marketing period.

If the British franchise holder meets its new schedule, it will narrow the gap between its launch date and that of Astra, the medium-power television satellite due to be launched by SES, the Luxembourg-based company, some time next year. Astra will have 16 television channels beamed to the whole of Western Europe.

BSB has failed, however, to meet its formal deadline of June 30 set by the IBA to have all the main contracts signed.

The broadcasting authority said this year that if the main contracts were not signed by the end of June it reserved the right to award the franchise to someone else.

That is an option that the authority is unlikely to exercise, however, because of the progress BSB has made on the £625m project.

A grand signing ceremony is expected within a fortnight, when, apart from the satellite contract, formal commitments for more than £200m in financing will be finalised.

There are hints that another important shareholder may have been attracted to the project in recent weeks, although BSB refuses to confirm that.

As well as the four remaining founding shareholders — Amstrad Consumer Electronics pulled out—the project has been publicly backed by the Bond Corporation of Australia, Chargeurs, the French transport company, Invest International, in investment holding company based in Luxembourg, London Merchant Securities, an investment holding company, Next, the fashion retailer, and Reed International, the publishing and packaging group.

FINANCE BILL DETAILS

Lloyd's relieved over reinsurance

BY NICK BUNKER

UNDERWRITING AGENTS at Lloyd's of London showed clear signs of relief yesterday.

The source of their satisfaction was Clause 70 of the summer Finance Bill. That is an expanded but subtly refined version of the April Finance Bill's controversial Clause 58, which gave the Inland Revenue powers to challenge the "reinsurance-to-close" arrangement which the 400 Lloyd's syndicates make at the end of each underwriting year.

Reinsurance-to-close is the traditional means by which a Lloyd's syndicate closes off its liabilities so that it can allocate profits (or losses) among its members.

The syndicate does that by paying over a reinsurance premium to the members of the same syndicate for the following year, who then take on the risk of paying any future insurance claims.

Clause 70 represents a partial retreat by the Revenue from the position it adopted in Clause 58, which would have given tax inspectors very broad, sweeping powers to question the calculation of the reinsurance-to-close premium.

During 81 months of wrangling with Lloyd's syndicates before the April bill was published, the Revenue had in effect argued that reinsurance-to-close could be used to avoid tax if the syndicate over-estimated the premium and thereby rolled forward an untaxed fund of cash.

Lloyd's on the other hand, has argued that Clause 58 was damaging because it would have allowed the Revenue to over-ride professional underwriters' assessments of risk.

A Lloyd's team including Mr Peter Miller and Mr Alan Lord, the market's chairman and chief executive, and Mr Stephen Merrett, a leading underwriter, have held intensive talks with the Revenue on the issue since April.

The Inland Revenue press release published with Clause 70 yesterday avoided the phrase "an unjustified loophole," which Mr Nigel Lawson, the Chancellor, had used this spring to describe the tax treatment of reinsurance-to-close.

Instead, the new six-paragraph Clause 70 makes clear that the reinsurance premium will remain tax-deductible if it does not exceed "a fair and reasonable assessment" of the liabilities faced by the syndicate.

That clarification does not totally satisfy Lloyd's underwriting agents. For instance, it could still be interpreted to require the "discounting" of the reinsurance premium to allow for future investment income—a move that would be hotly resisted by syndicates because they argue it would be imprudent.

Peter Miller: talks with Revenue.

There have been more talks between the Revenue and the Council of Lloyd's in the last few days, however, and Lloyd's is understood to have been given assurances that more government amendments will be brought forward at the bill's second reading next week.

Senior figures at Lloyd's said yesterday that they expected those amendments to adjust Clause 70 still further. The changes are expected to show that the Revenue has no intention of requiring the discounting of loss reserves.

Negotiations will not, however, end here. Lloyd's and the Revenue are expected to talk further to define guidelines about what constitutes a "fair and reasonable" reinsurance-to-close.

Many Lloyd's syndicates have already been making big strides to improve the technical sophistication of their reinsurance-to-close calculation — for instance by using actuaries. The tax debate over reinsurance-to-close may have helped to accelerate that process.

One Lloyd's marine underwriter said the new guidelines might also lead logically to a revision of the old "minimum percentage" system, which Lloyd's has used since 1908 to advise syndicates on the minimum prudent size of their reserves against future claims.

Paddington developer sought

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE British Waterways Board has started the search for a property developer to undertake a £200m housing, commercial and leisure project at Paddington Basin, near Paddington railway station, London.

It would be the most costly of schemes undertaken by the Waterways Board to extract value from its property assets.

Westminster City Council has just given the Waterways Board outline planning permission for the project, after discussions that reduced the scope of the commercial development and increased provision for housing.

That gives the Waterways Board the opportunity to press ahead with the scheme by finding a developer to put up front-end money and arrange financing for the entire project.

The Waterways Board said it lacked the resources to do that. Its contribution to any development measures would be the land and the water.

Several property developers have expressed interest in the site and the name most frequently associated with it is Priests Marian Holdings. "We can now talk to Priests Marian—and others," the board said.

The chosen developer would pick up a development brief devised by Building Design Partnership, the architects, Morgan Grenfell Laurie, development consultants and Nathanial Lichfield and Partners, planning consultants.

The development at Paddington Basin covers a site of more than 13 acres that would be linked to the Grand Union Canal at Little Venice, to the north.

The plans are to build 335 homes ranging from studio apartments to three-bedroom maisonettes, 107,600 sq ft of industrial premises, 188,350 ft of shops, 231,400 sq ft of offices, as well as boating and leisure facilities.

The area is by another comprehensive redevelopment at the Paddington Goods Yard, where offices, warehousing and residential accommodation are to be constructed. That site has been favoured by London Regional Transport for a coach terminal, a proposal bitterly opposed by Westminster City Council and residents.

Special rate of tax for life policyholders

BY ERIC SHORT

THE FINANCE BILL has been amended for life companies, so that capital gains attributable to policyholders will be taxed at a special corporation tax rate of 30 per cent — the same rate as for capital gains tax.

The bill reintroduces provisions whereby capital gains of companies will be taxed, from the last Budget, in full at normal corporation tax rates (normally 35 per cent) and qualify to be set against corporation tax, instead of being subject to capital gains tax of 30 per cent.

The original intention was that the proposal would apply to capital gains incurred by life companies — a plan that aroused considerable opposition from the life assurance industry.

The main beneficiaries of the investment performance of life funds are policyholders. Indeed, with mutual life companies, the policyholders are sole beneficiaries.

The original proposal to tax capital gains at the corporation tax rate would have increased the tax charge and thereby reduced the investment return, since policyholders would not have had any advance corporation tax offset.

In addition, the tax change would have applied retrospectively on unrealised gains on existing assets.

The Association of British Insurers, the main trade association of life companies, lobbied strongly to have the proposal changed, and has achieved its objective.

For policyholders, the amendment means the tax situation is unchanged and will remain so unless the Government subsequently changes this special rate.

However, shareholders in life companies will be subject to the new corporation tax rate on capital gains, as are shareholders in other companies.

That changet will affect the shareholders' profit from traditional life funds, although profits from unit-linked funds will not be affected.

The Government has also announced the launch of a wider review into the whole area of life company taxation. It points out that the tax structure of life companies has developed in a piecemeal fashion over many years.

The Inland Revenue will be consulting the life assurance industry to consider whether the tax system fully reflects the present circumstances of life companies. The system has been designed to deal with traditional life funds and applied without change to unit-linked business. The Revenue will also consider scope for simplification, a move welcomed by the association.

The association has also welcomed the decision not to increase the tax on policyholders' funds, on which it has been lobbying for several years and particularly strongly since the Budget.

Royal Docks in £750m plan

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

ROSEHAUGH Stanhope Developments has applied for planning permission for a £750m redevelopment at the Royal Albert Dock in London's Docklands.

It is the first detailed proposal received by the London Docklands Development Corporation for the second and biggest phase of rehabilitation for the disused docks along the north of the Thames, and has been lodged against a background of political discord.

Until now the focus of Docklands redevelopment has been concentrated further west, between Tower Bridge and the Isle of Dogs.

Rosehaugh Stanhope is best known for its development of the Broadgate office complex, the largest in the City, at Liverpool Street station, but in association with AB Ports it has also been involved in waterfront developments.

The Royal Docks area, made up of the Victoria, Albert, and George V docks, covers about 500 acres of land, 240 acres of water and 10 miles of quayside.

The Rosehaugh Stanhope plan, which has taken a year to draw up, includes building 1,000 homes, a school, health centre 2.5m sq ft of business premises, a marina, restaurants, shops and sports facilities.

The development would be on the eastern end of the Royal Docks, around the north and eastern sides of the Royal Albert Dock. Plans for redevelopment around the other docks are expected by the LDDC from two consortia, one including Laing, Fox and VOM, the other including Heron, Mowlem and Conran Roche.

London and Edinburgh Trust has also expressed interest in the Royal Albert Dock site but is not as far advanced in drawing up plans as Rosehaugh Stanhope.

The Royal Docks are in the London Borough of Newham, which believes the three sets of plans do not adequately meet local needs for housing and jobs, and while it does not wish to prevent development it wants to ensure that it is compatible with local interests.

Borough councillors and officials are seeking negotiations with the LDDC. Cllr Stephen Timms, planning committee chairman, said: "We are simply asking for a fair share of the profits from Newham's docklands to be invested back into the borough."

Little change to pensions measures

BY ERIC SHORT

THE PENSION clauses in the Finance Bill, for personal pensions, occupational pensions and free-standing Additional Voluntary Contributions (AVCs) differ very little from the original pre-election bill. Most of the changes are technical ones.

The lack of changes has upset the pensions industry. The Finance Bill is introducing the tax regime for new pension contracts and making radical proposals to the tax treatment of existing pension arrangements, some of which hit employees very hard.

The pensions industry is disappointed that its representations for amendments that would at least soften the blow to certain categories of employees and would remove anomolies that would arise have been largely ignored.

The first and most crucial area of concern relates to independent AVCs. This new category of pension contract begins in October and enables an employee to make his own arrangements to pay extra contributions to secure additional pension benefits as an alternative to using a company AVC scheme.

The National Association of Pension Funds claims that the scheme as contained in the bill is unworkable. Although an employee may make his own AVC arrangements, the pension secured has to be aggregated with that from the main company scheme, and if that exceeds the limit of two thirds of final earnings, the trustees will have to reduce the pension from the company scheme.

The association will be renewing its call for the removal of benefit limits if independent AVCs are to be workable.

The Government has ignored all representations to allow employees to take cash benefits from those AVCs.

The bill confirms that the maximum tax-free cash sum from a pension arrangement is £150,000. But this is resulting in anomalies between the new personal pensions and company schemes.

Company schemes are one arrangement, so the limit for each employee is £150,000. But an employee can come out of his company scheme and have several different personal pension arrangements, even with one provider, and each arrangement will have its own £150,000 limit.

The Revenue admits that it would not be able to monitor the aggregate of cash-sum payments on a number of arrangements, only that on each scheme. However, the pensions establishment feels that the proposal gives personal pensions an unfair advantage over company schemes.

Finally, the Government has not moved at all on its proposals to curb the present means of building up very large pension and cash benefits on company schemes within short periods. That applies in particular to schemes for controlling directors and executives.

The NAPF and other pension bodies have condemned the proposals as both unfair and leading to job immobility, since the new arrangements will apply only to new schemes or new members of existing schemes.

But although the Finance Bill has made some concession on the maximum cash sum that can accrue, removing a gross unfairness in its original proposals, it has not budged on its general principles.

Ilea may stay in section of County Hall

Financial Times Reporter

HOPES ARE rising that the Inner London Education Authority may be able to stay in at least part of County Hall, the South Bank headquarters it shared with the abolished Greater London Council.

A High Court judge who upheld a notice to quit served on Ilea said today: "At the end of the day, it may be that the more appropriate use of part of the premises is for Ilea to remain there."

Lord Justice Watkins said the London Residuary Body, set up to wind up the affairs of the GLC, had made clear that Ilea would be free to bid for part of the County Hall complex.

Although Ilea still had to look for and perhaps buy accommodation elsewhere, "it may in the end remain in some part of County Hall," he said.

The judge's comments came in a judgment that gave the court's reasons for ruling in May that the residuary body had not acted irrationally or unreasonably in giving Ilea notice to quit by March next year.

Cable Authority applies to take on IBA role

BY RAYMOND SNODDY

THE Cable Authority, the regulatory body for the cable television industry in Britain, has made its formal bid to control the future of all commercial radio.

The authority, in its evidence to the Government on the green paper on the future of radio, stakes a clear claim to the job now carried out by the Independent Broadcasting Authority.

"The authority as it is presently constituted would be happy to see itself reconstituted to assume in addition the responsibility for licensing independent radio stations," the evidence says.

The radio green paper advocates up to three new national commercial networks and as many as 500 local and community radio stations. The green paper suggested that the new expanded commercial radio sector should be regulated by either the Cable Authority, the IBA or a new radio regulatory authority.

The Government preference has been that in future the commercial radio system should be administered in the cheap way that cable television is now.

The Cable Authority which has a full-time staff of nine and two part-timers, believes it could regulate both cable and radio with fewer than 50 people.

In its evidence to the Home Office, the Cable Authority welcomes the opportunities for more radio stations in a freer and less regulated environment.

The future of radio in Britain is likely to be determined in a comprehensive new broadcasting bill expected to be introducted into Parliament in autumn 1988.

Prisons remain overcrowded

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT is not yet winning the race to relieve overcrowding in Britain's prisons, Mr Douglas Hurd, Home Secretary, admitted yesterday.

"We are engaged in a race between a fast-increasing prison population and bringing on stream new prisons under our substantial building and modernisation programme," he said in Grantham, Lincs.

The prison population was growing more rapidly than the Government could provide places, with 3,550 more inmates than in July last year and an increase of 1,000 over the past four weeks.

Clyde port for Channel Tunnel 'would not pay'

BY JAMES BUXTON

A SCHEME to create a port on the Clyde that would serve continental Europe via the Channel Tunnel is not viable, a study has determined.

The cost of moving containers to and from the tunnel would far outweigh any savings that ships might make if they discharged their cargoes on the Clyde instead of continuing to continental ports, it says.

The idea of using the Clyde as a terminal for transatlantic shipping bound for the continent was proposed by the CBI Scotland and chirstened Eurowestport. The Government contributed towards a study of the idea commissioned by the Clyde Port Authority and carried out by the consultants PIEDA.

The study found that if all shipping lines combined to operate a shutle service between one US port and Eurowestport, they would be able to reduce the number of vessels on the route by one, saving £3m a year in charter rates and £3.5m on their annual fuel bills.

Transporting all the containers overland via the Channel Tunnel, however, would add about £139m a year to overall transit costs. Savings in time at sea would not markedly reduce the door-to-door transit time for containers, and the volume of traffic might result in delays at the tunnel.

The study concluded that the case against Eurowestport applied to other ports throughout the UK.

Yesterday the Clyde Port Authority said that the outcome of the study was disappointing but not entirely surprising. The Clyde has been losing container traffic steadily

Second tour operator in a week in liquidation

BY DAVID CHURCHILL

FURTHER evidence of the pressures on the travel industry emerged yesterday with the collapse of a small package-tour operator, the second within a week.

Jetwing, a Preston-based budget tour operator, went into liquidation with some 1,200 holidaymakers abroad.

However, those customers will be able to complete their holidays because Jetwing had lodged a bond guarantee with the Association of British Travel Agents. The bond also means that other Jetwing holidaymakers will be able to leave on holidays until Monday night.

Last week the London-based Biggles tour operator went into liquidation

Although demand for summer holidays has picked up since the beginning of June, tour operators still face a crisis this summer.

Although nearly 30 per cent more holidays were offered for sale this year, only between 5 per cent and 10 per cent of them have been taken up.

That has caused main tuor operators to offer cheap airline seats in recent months to try recover some of their costs.

While operators such as Thomson and Intasun are likely to have secured enough extra business this summer to increase their market share, smaller tour operators have come under increasing pressure.

Within the travel trade, there are reports of smaller operators seeking extra financial backing from their bankers to tide them over the summer months.

Accountancy firm merger

ALLIOTT PEIRSON Associates, a network of independent chartered accountancy firms, based in Croydon, has announced its merger with Hogg Bullimore. The new company will be known as Alliott Bullimore.

The move is made alongside a number of name changes for group member firms in the south, Midlands, and the north-west, and a further expansion of its international links, with the addition of associates in Denmark, Austria, Japan, and India.

Court freezes assets in stolen bonds case

BY CLIVE WOLMAN

THE THEFT from a City of London post office of bearer securities worth about £550,000 yesterday led to the Swiss Bank Corporation and Lloyds Bank being awarded injunctions in the Royal Court of Jersey to freeze the assets of some of those involved in the handling and sale of the securities.

Deferred bearer warrants for shares in De Beers Consolidated Mines worth $751,000 (£470,000) were sent by registered post from Swiss Bank Corporation in Geneva to Warburg Securities in London on March 12.

The package was stolen from the King Edward Street post office in London and, according to the civil claim in Jersey, sold on April 15 to the City stockbroking firm, Schaverien and Co (and not Schroder Securities as suggested in the FT on June 8).

Among the parties which, the SBC claim suggests, were involved in the sale were a Jersey law firm, Michael Voisin and Co, one of its trust companies, Jemma Trust and one of its employees, Mr John Marshall.

Samuel Montagu (Jersey) was the broking firm that arranged the deal, but it has not been named as a defendant. Schaverien made the payment for the De Beers securities to some of those parties on April 23 and 25.

The two banks have claimed that the defendants either knew or should have known that the bonds were stolen. A representative of Michael Voisin said in court yesterday that it was innocent of any wrongdoing and was co-operating fully.

Also on March 12, the Deutsche Bank of Eschborn, West Germany, sent £80,000 worth of bearer bonds in Unifonds Antelle to Lloyds Bank in London. Those, too, were stolen, apparently from the same post bag in King Edward Street, and sold the Schaverien, again with the assistance of Michael Voisin.

The court agreed to the issue of an interim injunction against Michael Voisin, Mr Marshall and the other defendants, which freezes their assets. But it is understood that most of the proceeds from the sale have already disappeared.

The City of London fraud squad is continuing its investigations into what is believed to be one of the largest thefts of bearer securities in London.

The ease with which the bonds were stolen and the long delay—nearly two months—before the police were informed has renewed fears about the security risks of relying on traditional methods for transferring and delivering Eurobonds, letters of allotments and other bearer securities that can be encashed by the holders.

The Swiss Bank Corporation, however, said yesterday that it had registered and insured the package containing the bonds and saw no immediate reason to end its traditional reliance on the postal system.

Derby foundry axed and 200 jobs to go

By Nick Garnett

THE PARKER Foundry in Derby, which employs 200 people, is closing because of a decline in orders for its castings.

Management at the foundry, part of F. H. Lloyd, said some of the workforce would be offered jobs at a sister company in Burton-on-Trent.

Demand for products from foundries and forges has fallen steeply over the past six years. Steel forging deliveries from UK companies declined from 450,000 tonnes in 1979 to 200,000 tonnes in 1985.

The Parker Foundry employed more than 400 in the late 1970s.

ECONOMIC DIARY

MONDAY: European Parliament in session in Strasbourg (until July 10). Credit busines (May). Retail sales (May-final). NUM annual conference in Scarborough (until July 10). TGWU annual conferene in Dundee (until July 10). British Coal Enterprise makes statement. Commons gives second reading to Local Government Bill. Scottish and Newcastle Breweries results.

TUESDAY: Financial Times holds conference, "Telecommunications and the European business market: the perspectives for change" at the Hotel Inter-Continental, W1 (until July 8). Mr Kenneth Baker, Education Secretary, attends education and training conference at National Exhibition Centre, Birmingham. Equal Opportunities Commssion annual report. Seventh Sino-British joint liaison group meeting on Hong Kong in London (until July 10).

WEDNESDAY: Overseas travel and tourism (April). SDP ballot on merger with Liberals opens (closes August 5). BAA privatisation price published. Labour Party shadow cabinet elections. Commons gives second reading to the Finance Bill. Commission for Racial Equality issues annual report.

THURSDAY: Provisional figures of vehicle production (June). Detailed analysis of employment, unemployment, earnings, prices and other indicators. Thorn EMI results.

FRIDAY: Usable steel production (June). Import penetration and export sales for the manufacturing industry (fourth quarter final, first quarter provisional). Tax and price index (June). Retail price index (June). Finished steel consumption and stock changes (first quarter final).

Flexible coal shifts 'to lead to 40,000 job cuts'

BY CHARLES LEADBEATER, LABOUR STAFF

PLANS BY British Coal to increase efficiency through the introduction of flexible shift patterns to allow six-day coal production would lead to up to 40,000 job losses in the industry, Mr Arthur Scargill, president of the National Union of Mineworkers, predicted yesterday.

Speaking on the eve of the union's annual conference at Rothesay, Scotland, Mr Scargill said he was fairly confident delegates would vote by a substantial majority against the moves to extend the working week or amend the industry's 40-year-old five-day week agreement.

He accused the corporation of lying about the extent of its plans for flexible working. British Coal on Thursday unveiled plans to introduce flexible shifts at 13 locations in Scotland, the north-east, Yorkshire and the Midlands, as a precondition for future heavy investment.

Arthur Scargill: predicts 31 pits will close.

Mr Scargill claimed the corporation planned to introduce six-day production at all pits. An extra day's production per week would produce a 20 per cent increase in output, equivalent to about 18m tonnes per year, he said.

If the market for British deep-mined coal remained static at about 90m tonnes a year, this extra output would lead to the closure of about 31 pits with the loss of between 35,000 and 40,000 jobs, he predicted.

The industry employs 107,000 miners, including overmen and deputies. About 80,000 jobs have been lost in the last two years.

The NUM executive will today discuss conference motions on flexible working in an attempt to establish an agreed positiou. A deep rift has already opened up between Mr Scargill and the leadership of the south Wales NUM, which has accepted the concept of six-day production at the £90m drift mine the corporation plans to develop at Margam.

The executive yesterday narrowly decided to oppose a Scottish NUM motion calling for proposals to be drawn up which would mean Mr Scargill would have to stand for periodic re-election.

The executive will also oppose a move which would seriously weaken the representation of areas of the union at national conference by allowing only one delegate to attend from each branch.

The executive will support a move away from the union's policy for coal, drawn up on calculations made in the 1970s, which calls for an annual output target of 200m tonnes. The resolution says this position is unrealistic given the recent changes in fuel prices and energy demand.

Teachers' unions divided

BY OUR LABOUR CORRESPONDENT

THE TWO main teaching unions appeared at odds last last night over whether they should resume selective half-day strikes during the remaining two weeks of the summer term.

The executive committee of both unions, the NUT and NAS/UWT, met yesterday after Mr Kenneth Baker, Education Secretary, had told them on Thursday night that he would not give a firm undertaking to restore direct negotiations on the pay and conditions of 400,000 teachers in England and Wales.

Before yesterday's meetings, leaders of the two unions had discussed staging token strikes during the rest of this term to show their continued discontent at the Government's abolition of direct negotiations through the former statutory Burnham Committee.

In their separate meetings, however, the executives arrived at differing conclusions. While the NAS/UWT favoured an immediate demonstration of feeling through selective strikes, the NUT appeared to favour putting off further stoppages — if any — until the autumn.

In a statement, the NUT said it believed the campaign for restoration of negotiating rights should continue, but should be part of a bigger campaign against the Government's educational policies as a whole. With this in mind, there was a need for "some demonstrative action" in the autumn.

Although Mr Fred Jarvis, NUT general secretary, said this did not rule out further strikes, it is thought the union would prefer action such as demonstrations at the time of the Conservative Party conference.

Meanwhile, the NAS/UWT said its executive had voted overwhelmingly for immediate strikes. Mr Nigel de Gruchy, the union's deputy general secretary, said there was "a distinct possibility" the NAS/UWT would go ahead alone if the NUT did not agree.

However, both unions pledged themselves strongly to a continued united front and there will be pressure on them not to break this when their leaders meet on Monday to take final decisions on further action.

The Government is expected to publish shortly a Green Paper setting out a number of options for teachers' pay machinery. Ministers want to produce a system that will end the sort of disruption seen in schools over the past three years.

AEU and Dunlop in single-union deal

BY JIMMY BURNS, LABOUR STAFF

BRITAIN'S second largest union, the Amalgamated Engineering Union, yesterday added to its list of single-union agreements with high technology companies by signing such a deal with Dunlop, the rubber company.

The agreement will cover more than 15 jobs at a new plant in Tynesinde currently on schedule to deliver its first order for offshore oil rigs pinelinesh by April next year.

The company will recognise only the AEU at the plant. In return the AEU has agreed to employ flexibility and varialble working hours based on 37.5 hour week.

Unlike the agreements reached by the AEU with Nissan and Komatsu, the Japanese companies, yesterday's deal does not contain a no-strike provision. Instead, the agreement stipulates that if management and unions cannot resolve a dispute, they will mutually accept Acas conciliation .

F.T.-ACTUARIES SHARE INDICES

QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at June 30, 1987 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)		Market capitalisation as at June 30, 1987 (£m.)	% of all share index	Market capitalisation as at Mar. 31, 1987 (£m.)	% of all share index	Market capitalisation as at Dec. 31, 1986 (£m.) †	% of all share index †
1	CAPITAL GOODS GROUP	(213)	73,415.6	17.15	62,025.9	16.94	49,810.6	16.56
2	Building Materials	(29)	14,669.8	3.43	12,194.0	3.32	9,672.8	3.22
3	Contracting, Construction	(33)	7,135.9	1.67	5,559.7	1.52	4,428.9	1.47
4	Electricals	(13)	2,184.5	0.51	1,816.8	0.50	1,536.3	0.51
5	Electronics	(35)	17,378.0	4.06	15,181.3	4.15	12,252.9	4.07
6	Mechanical Engineering	(61)	13,661.8	3.19	10,394.3	2.84	8,509.3	2.83
8	Metals and Metal Forming	(7)	2,268.8	0.53	1,913.6	0.52	1,439.9	0.48
9	Motors	(14)	4,552.4	1.06	4,230.2	1.16	3,442.5	1.14
10	Other Industrial Materials	(21)	11,564.4	2.70	10,736.0	2.93	8,528.0	2.84
21	CONSUMER GROUP	(185)	135,664.4	31.70	117,673.2	32.14	95,006.8	31.58
22	Brewers and Distillers	(22)	18,211.4	4.25	16,013.5	4.37	14,117.9	4.69
25	Food Manufacturing	(24)	20,060.5	4.69	17,025.5	4.65	14,027.6	4.66
26	Food Retailing	(16)	15,409.8	3.60	12,789.1	3.49	10,491.5	3.49
27	Health and Household Products	(10)	26,245.4	6.13	23,610.5	6.45	17,457.3	5.80
29	Leisure	(31)	10,260.7	2.40	9,276.9	2.53	6,776.7	2.25
31	Packaging and Paper	(15)	4,310.2	1.01	3,623.9	0.99	2,902.6	0.97
32	Publishing and Printing	(15)	8,285.7	1.94	6,205.1	1.69	4,790.7	1.59
34	Stores	(36)	27,263.6	6.37	24,267.7	6.64	20,741.1	6.90
35	Textiles	(16)	5,617.1	1.31	4,861.0	1.33	3,701.4	1.23
40	OTHER GROUPS	(85)	75,819.4	17.72	67,396.4	18.41	54,986.9	18.28
41	Agencies	(16)	6,209.7	1.45	5,376.4	1.47	4,059.0	1.35
42	Chemicals	(21)	15,874.4	3.71	13,769.2	3.76	11,309.6	3.76
43	Conglomerates	(12)	13,462.1	3.15	10,594.7	2.89	9,230.5	3.07
45	Shipping and Transport	(11)	6,199.1	1.45	5,353.8	1.46	3,237.3	1.08
47	Telephone Networks	(2)	21,188.4	4.95	18,882.2	5.16	16,323.0	5.42
48	Miscellaneous	(23)	12,885.7	3.01	13,420.1	3.67	10,827.5	3.60
49	INDUSTRIAL GROUP	(483)	284,899.4	66.57	247,095.5	67.49	199,804.3	66.42
51	Oil and Gas	(17)	51,904.7	12.13	42,763.7	11.68	34,351.8	11.42
59	500 SHARE INDEX		336,804.1	78.70	289,859.2	79.17	234,156.1	77.84
61	FINANCIAL GROUP	(118)	66,305.3	15.49	54,018.6	14.75	47,337.9	15.73
62	Banks	(8)	19,239.0	4.50	16,677.1	4.55	15,922.1	5.29
65	Insurance (Life)	(9)	9,036.5	2.11	7,495.5	2.05	6,754.9	2.24
66	Insurance (Composite)	(7)	9,892.2	2.31	8,489.6	2.31	7,263.4	2.41
67	Insurance Brokers	(9)	2,980.5	0.70	2,810.6	0.77	2,648.0	0.88
68	Merchant Banks	(11)	3,643.8	0.85	3,210.0	0.88	3,037.0	1.01
69	Property	(46)	15,031.8	3.51	10,028.0	2.74	7,930.2	2.64
70	Other Financial	(28)	6,482.3	1.51	5,307.8	1.45	3,782.3	1.26
71	Investment Trusts	(92)	16,107.3	3.77	14,846.7	4.06	13,409.5	4.46
81	Mining Finance	(2)	5,260.4	1.23	4,560.9	1.25	3,502.4	1.16
91	Overseas Traders	(11)	3,469.1	0.81	2,838.6	0.77	2,442.3	0.81
99	ALL-SHARE INDEX	(723)	427,946.2	100.0	366,124.0	100.0	300,848.2	100.0

† After year-end changes.

GMB warns employers of equal pay plans

By David Brindle, Labour Correspondent

EMPLOYERS were warned yesterday that the GMB general union planned to make wide-ranging use of legislation providing for equal pay for work of equal value.

Unions have up to now been reluctant to bring large numbers of cases under the 1984 equal-value amendment to the Equal Pay Act 1970. They have been fearful of upsetting wage structures and have preferred to use the equal-value principle in negotiation.

Mr Joe O'Hara, the GMB's national legal officer, told employers at a conference yesterday, however, that his union was poised to use equal-value claims as a principal weapon in its drive to organise among part-time women workers.

He said: "This is a union that is changing, competing for women workers. Bargaining is difficult, but this area is one where we have the law with us."

The conference, organised by the Confederation of British Industry, was aimed at assisting employers avoid or defeat equal-value claims. It heard that more than 1,000 claims, against 171 employers, had been lodged since the first action by Ms Julie Hayward, a canteen cook, claiming pay equal to that of skilled craftsmen at the Cammell Laird shipyard where she works.

Ms Win Harris, individual conciliation director at Acas, the conciliation service, told the conference that although this use of the legislation was substantial, there had not yet been the deluge of cases that had been predicted.

This was due both to the unions' preference for negotiation and to the continuing confusion surrounding the law, she said. Only seven cases had run the full course at industrial tribunal level — five going in favour of the applicant and two against — and the most important of these, including Ms Hayward's, were still subject to further legal dispute.

Ms Harris said Acas knew of nine cases being brought by male workers claiming equality with higher-paid women colleagues.

The cases brought so far by the GMB, including Ms Hayward's, have been concentrated in the north-west. Mr O'Hara made it clear the union would be taking a uniform approach nationally.

To ensure there would be speedy action, Mr OHara said, GMB officials were being required to file annual reports on progress towards equal pay for their women members.

MPs sign motion on Scotsman

By James Buxton and Peter Riddell

MORE THAN 40 MPs have signed a Commons motion expressing concern at the handling by Thomson Regional Newspapers of the fortnight-old dispute at the Scotsman, the group's Scottish daily.

Signatories to the motion include Mr David Steel, the Liberal leader, Mr Allan Stewart, a former Conservative Scottish Office Minister, Mr John Smith, Labour's trade and industry spokesman, and Mr Donald Dewar, Labour's spokesman on Scotland.

The motion expresses alarm at what it says are TRN's "proposals which could end the Scotsman's independence and character of a paper which has been a vital part of Scottish life for 170 years."

However, the Scotsman's management yesterday strongly denied any intention to downgrade the newspaper's status. The management said that the company was investing £4m—possibly rising to £15m—on computer technology and that it was planned to limit the Scotsman's circulation to Edinburgh.

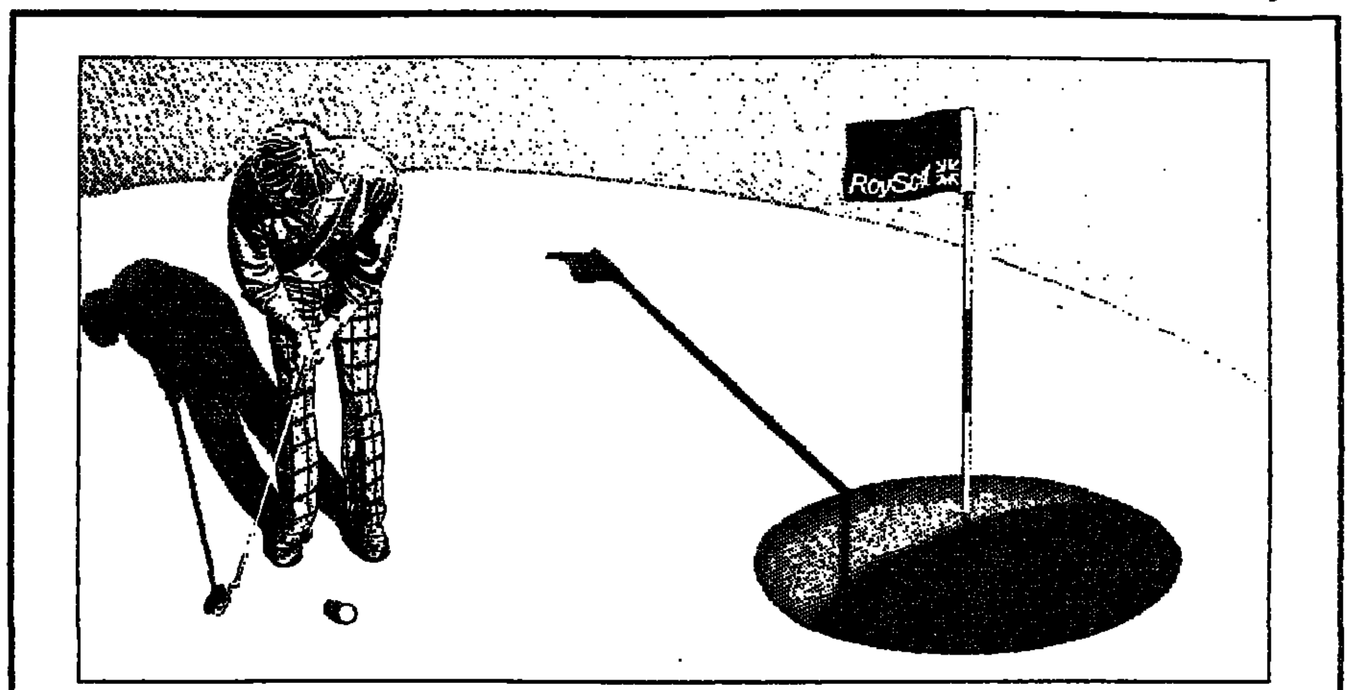
In a statement in yesterday's issue of the newspaper, the management said journalists were being offered a pay rise of 9 per cent, taking average salaries to £20,000, on condition that new technology was accepted; that some staff went back to a five-day week from their present four-day week and that five of 78 jobs on the sister Edinburgh Evening News were shed.

Unions' combat 'in retreat'

By Philip Bassett, Labour Editor

TRADE UNIONS' combative aspects are in retreat—and that is to be welcomed, a senior print trade union official said yesterday.

Mr John Mitchell, national organiser of the largest print union, SOGAT '82, gave details of the circumstances facing trade unions at a communications conference in London organised by Vista Communications. He said: "If there is one element which has improved the position, it's that the combative aspects of trade union activities are in retreat—and in these circumstances that is to be welcomed."



FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri July 3 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs July 2 Index No.	Wed July 1 Index No.	Tues June 30 Index No.	Year ago (approx.) Index No.	1987 High	1987 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (213)	976.43	+1.3	7.00	2.79	17.91	10.75	964.14	954.60	958.09	744.11	976.43 3/7	696.73 2/1	976.43 3/7/87	50.71 13/12/74
2	Building Materials (29)	1260.74	+1.2	6.84	2.72	18.30	13.90	1245.19	1235.24	1242.35	828.15	1274.76 15/6	860.39 5/1	1274.76 15/6/87	44.27 11/12/74
3	Contracting, Construction (33)	1783.65	+1.6	6.72	2.68	19.97	19.38	1755.40	1742.17	1747.52	1272.35	1783.65 3/7	1185.88 2/1	1783.65 3/7/87	71.48 2/12/74
4	Electricals (13)	2543.88	+2.3	5.42	3.13	24.73	36.50	2487.89	2430.49	2430.43	1912.39	2543.88 3/7	1772.22 2/1	2543.88 3/7/87	84.71 25/6/62
5	Electronics (35)	2138.41	+0.7	7.09	2.29	18.06	15.24	2123.64	2113.88	2147.37	1673.74	2147.37 30/6	1543.77 2/1	2147.37 30/6/87	1229.01 8/10/85
6	Mechanical Engineering (61)	520.38	+1.3	7.74	3.23	16.20	7.68	513.48	508.60	506.67	418.26	520.38 3/7	393.85 2/1	520.38 3/7/87	45.43 5/1/75
8	Metals and Metal Forming (7)	563.80	+2.3	6.95	2.79	17.34	6.80	551.21	541.16	530.79	375.70	563.80 3/7	355.97 2/1	563.80 3/7/87	49.65 6/1/75
9	Motors (14)	374.14	+0.9	8.17	2.84	14.24	3.42	370.62	367.49	368.66	320.33	374.14 3/7	272.03 2/1	374.14 3/7/87	19.91 6/1/75
10	Other Industrial Materials (21)	1597.07	+1.6	6.22	3.04	19.38	20.86	1571.85	1543.11	1539.46	1333.30	1600.41 17/6	1179.19 2/1	1600.41 17/6/87	277.55 15/1/81
21	CONSUMER GROUP (185)	1345.24	+0.9	5.86	2.50	21.86	13.72	1332.74	1312.36	1317.78	944.52	1353.49 17/6	950.87 2/1	1353.49 17/6/87	61.41 13/12/74
22	Brewers and Distillers (22)	1212.07	+1.3	7.74	2.92	16.26	11.67	1197.03	1183.89	1194.53	958.95	1240.56 16/6	938.04 2/1	1240.56 16/6/87	69.47 13/12/74
25	Food Manufacturing (24)	1044.72	+0.3	6.70	2.92	19.40	14.27	1041.16	1033.33	1037.59	697.09	1044.72 3/7	738.32 2/1	1044.72 3/7/87	59.67 11/12/74
26	Food Retailing (16)	2573.29	+1.4	4.97	2.23	27.50	21.12	2538.44	2495.09	2477.75	1843.92	2600.57 17/6	1881.88 2/1	2600.57 17/6/87	54.25 11/12/74
27	Health and Household Goods (10)	2528.79	+0.4	3.99	1.58	29.32	14.67	2518.99	2459.10	2476.14	1612.91	2592.70 17/6	1645.70 2/1	2592.70 17/6/87	175.38 28/5/80
29	Leisure (31)	1415.87	+1.7	5.58	3.03	23.56	16.21	1391.68	1385.02	1382.37	901.80	1415.87 3/7	986.35 2/1	1415.87 3/7/87	54.83 9/1/75
31	Packaging & Paper (15)	715.43	+0.8	5.84	2.41	21.62	7.88	709.42	703.39	703.71	491.52	715.43 3/7	491.50 2/1	715.43 3/7/87	43.46 6/1/75
32	Publishing & Printing (15)	4527.37	+1.6	4.68	3.00	27.49	58.32	4454.86	4447.64	4395.74	2655.71	4527.37 3/7	2713.49 2/1	4527.37 3/7/87	55.08 6/1/75
34	Stores (36)	1109.54	+1.1	6.49	2.58	20.81	12.81	1097.07	1069.67	1084.28	899.86	1152.04 15/6	835.17 2/1	1152.04 15/6/87	52.63 6/1/75
35	Textiles (16)	818.27	—	7.50	2.74	15.42	10.67	818.61	810.97	809.31	566.54	818.61 2/7	541.39 2/1	818.61 2/7/87	62.66 11/12/74
40	OTHER GROUPS (85)	1130.76	+1.7	7.58	3.09	16.44	10.43	1111.60	1103.55	1109.24	804.93	1130.76 3/7	815.89 5/1	1130.76 3/7/87	58.63 6/1/75
41	Agencies (16)	1680.92	+0.6	4.06	1.45	32.45	9.50	1671.03	1661.00	1675.68	0.0	1680.92 3/7	1111.16 2/1	1680.92 3/7/87	1111.16 2/1/87
42	Chemicals (21)	1407.58	+0.6	6.97	3.13	17.61	19.49	1398.81	1383.32	1397.12	928.85	1410.00 24/6	1082.01 2/1	1410.00 24/6/87	71.20 1/12/74
43	Conglomerates (12)	1446.27	+0.7	7.11	3.16	16.12	18.93	1436.20	1426.13	1436.29	0.0	1446.27 3/7	1112.14 2/1	1446.27 3/7/87	1112.14 2/1/87
45	Shipping and Transport (11)	2369.19	+1.5	6.58	3.39	19.11	37.76	2334.37	2298.33	2297.35	1523.27	2369.19 3/7	1567.77 2/1	2369.19 3/7/87	90.80 29/6/62
47	Telephone Networks (2)	1126.53	+4.0	8.93	3.59	14.94	1.09	1082.72	1081.68	1107.89	868.53	1274.14 9/6	837.15 5/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (23)	1583.73	+1.1	8.70	2.81	13.79	18.29	1566.16	1551.52	1525.37	1100.16	1583.73 3/7	1101.37 5/1	1583.73 3/7/87	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1205.73	+1.2	6.61	2.73	19.10	12.22	1191.05	1177.04	1182.08	867.79	1205.73 3/7	860.46 2/1	1205.73 3/7/87	59.01 13/12/74
51	Oil & Gas (17)	2354.29	+0.7	4.65	3.93	27.86	37.29	2337.31	2290.27	2296.13	1191.71	2354.29 3/7	1585.69 5/1	2354.29 3/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1303.26	+1.2	6.31	2.92	20.07	14.41	1288.39	1271.56	1276.67	897.25	1303.26 3/7	915.61 2/1	1303.26 3/7/87	63.49 13/12/74
61	FINANCIAL GROUP (118)	830.38	+1.2	—	3.55	—	12.88	820.58	820.84	824.49	621.10	830.38 3/7	615.75 2/1	830.38 3/7/87	55.88 13/12/74
62	Banks (8)	832.44	+1.5	16.65	4.50	7.94	15.49	820.33	822.54	822.64	658.22	856.67 16/6	685.07 14/4	856.67 16/6/87	62.44 12/12/74
65	Insurance (Life) (9)	1173.68	+1.6	—	3.59	—	20.71	1154.98	1150.63	1157.78	903.38	1173.68 3/7	869.23 2/1	1173.68 3/7/87	44.88 2/1/75
66	Insurance (Composite) (7)	624.17	+1.1	—	3.92	—	11.76	617.50	614.07	617.31	497.37	624.17 3/7	456.52 2/1	624.17 3/7/87	43.96 13/12/74
67	Insurance (Brokers) (9)	1291.54	+0.8	8.33	4.19	15.47	26.32	1281.75	1257.73	1265.82	1177.01	1291.54 3/7	1089.71 14/4	1315.27 12/2/86	65.86 16/12/74
68	Merchant Banks (11)	416.21	+0.3	—	3.24	—	5.53	415.04	415.41	412.02	371.23	416.21 3/7	345.85 2/1	416.21 3/7/87	31.21 7/1/75
69	Property (46)	1318.88	+1.0	3.57	2.22	36.28	11.75	1305.49	1318.90	1339.94	803.66	1339.94 30/6	805.82 5/1	1339.94 30/6/87	56.01 20/4/65
70	Other Financial (28)	549.37	+1.1	6.06	2.94	20.76	5.89	543.63	540.40	536.92	352.98	549.37 3/7	365.01 2/1	549.37 3/7/87	33.29 17/12/74
71	Investment Trusts (92)	1100.40	+0.5	—	2.18	—	10.97	1094.46	1088.74	1088.98	767.69	1100.40 3/7	867.57 2/1	1100.40 3/7/87	71.12 13/12/74
81	Mining Finance (2)	525.49	+0.8	6.44	3.16	17.83	6.79	521.23	515.71	500.31	272.12	558.62 20/5	341.86 2/1	558.62 20/5/87	66.31 30/9/74
91	Overseas Traders (11)	1123.87	+0.4	8.02	4.13	14.82	23.27	1118.97	1101.06	1098.18	696.74	1123.87 3/7	778.26 2/1	1123.87 3/7/87	97.37 6/1/75
99	ALL-SHARE INDEX (723)	1174.69	+1.1	—	3.00	—	13.85	1161.60	1149.15	1153.12	816.09	1174.69 3/7	835.48 2/1	1174.69 3/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	July 2	July 1	June 30	June 29	June 26	Year ago				
	FT-SE 100 SHARE INDEX ‡	2328.1	+30.7	2330.7	2312.7	2297.4	2269.8	2284.1	2289.3	2291.3	1649.4	2328.1 3/7	1674.5 2/1	2328.1 3/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 3	Day's change %	Thurs July 2	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.04	+0.07	122.95	—	5.94
2	5-15 years	141.60	+0.10	141.45	—	7.22
3	Over 15 years	151.13	+0.10	150.99	—	6.85
4	Irredeemables	165.25	-0.07	165.37	—	7.27
5	All stocks	138.12	+0.09	137.99	—	6.78
	Index-Linked					
6	5 years	121.34	-0.07	121.43	—	1.57
7	Over 5 years	114.91	+0.28	114.59	—	1.71
8	All stocks	115.26	+0.25	114.98	—	1.69
9	Debentures & Loans	122.55	+0.07	122.47	—	6.13
10	Preference	88.56	+0.07	88.49	—	3.27

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 3	Thurs July 2	Year ago (approx.)	1987 Highs	1987 Lows
	British Government						
1	Low	5 years	8.34	8.36	7.89	9.78 2/1	7.52 11/5
2	Coupons	15 years	9.08	9.09	8.83	10.08 2/1	8.53 8/5
3		25 years	9.09	9.09	8.86	10.08 2/1	8.55 8/5
4	Medium	5 years	9.25	9.26	9.06	10.80 2/1	8.39 8/5
5	Coupons	15 years	9.33	9.33	9.11	10.39 2/1	8.74 8/5
6		25 years	9.33	9.33	9.12	10.18 2/1	8.75 8/5
7	High	5 years	9.39	9.40	9.22	10.84 2/1	8.58 8/5
8	Coupons	15 years	9.47	9.47	9.29	10.57 2/1	8.86 8/5
9		25 years	9.24	9.23	9.16	10.24 2/1	8.72 8/5
10	Irredeemables †		8.99	8.99	8.81	10.06 2/1	8.67 8/5
	Index-Linked						
11	Inflat'n rate 5%	5 yrs	2.70	2.66	3.83	3.95 2/1	2.03 20/5
12	Inflat'n rate 5%	Over 5 yrs	3.83	3.84	3.47	3.87 2/1	3.30 6/4
13	Inflat'n rate 10%	5 yrs	2.39	2.34	2.64	2.57 16/4	0.85 24/3
14	Inflat'n rate 10%	Over 5 yrs	3.77	3.78	3.32	3.78 2/7	3.17 27/3
15	Debs &	5 years	10.18	10.19	9.93	11.46 2/1	9.46 12/6
16	Loans	15 years	10.18	10.19	10.24	11.30 2/1	9.79 23/3
17		25 years	10.18	10.19	10.32	11.30 2/1	9.84 23/3
18	Preference †		10.25	10.26	10.44	11.83 2/1	10.05 22/6

‡ Opening index 2312.7; 10 am 2323.1; 11 am 2325.6; Noon 2329.8; 1 pm 2329.6; 2 pm 2328.5; 3 pm 2328.9; 3.30 pm 2326.4; 4 pm 2327.5.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: US Debenture Corp (71) and Garfunkels Restaurants (29) have been deleted. Belhaven (29) has been inserted. RECLASSIFICATIONS: Godfrey Davis (Holdings) from (1) and (9) into (40) and (48). Geest from (25) into (26). Rank Organisation from (48) into (43). Siebe from (41) and (48) into (1) and (6). N.B. Yule Catto will move from (91) to (40) and (42) on 6/7/87.

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Freedom and taxation

WHAT ARE we to make of President Reagan's new proposals for an economic bill of rights in the US? It is apparently intended as a serious suggestion for the reform of the US budgetary process, which is long overdue, yet it seeks to make it harder for Congress to approve tax increases. It calls for more detailed costing of government spending programmes, which is all to the good, while harking back to Mr Reagan's earlier, bizarre proposals for a balanced budget amendment. It has minimal chance of acceptance in the Congress, but it is intended to provide themes for the Republican Party in the 1988 elections and wrest the ideological initiative from the Democrats.

To foreign eyes there is something rather odd about any attempt to protect the American public from "irresponsible" taxation when the public enjoys the lowest top marginal rate of income tax in the developed world at 33 per cent. If there has been irresponsibility, it has rested on the readiness of the President to live with an unprecedentedly large structural budget deficit. And the catalogue of freedoms envisaged by Mr Reagan, ranging from less government regulations to more private ownership, appears to offer Americans more of what they alreadv enjoy in larger measure than most others around the world.

Worrying dimension

In short, it is tempting to write it all off as one more aimiable eccentricity from a President whose credibility is inexorably on the wane. Yet there is a worrying dimension to an otherwise upbeat statement on the eve of the Independence Day holiday, in that it represents another failure to confront a problem whose backwash is being felt around the world.

The root cause of the twin budget and balance of payments deficits in the US lies in the imbalance between domestic savings and investment. To date the policy response to this imbalance has focused on the exchange rate to the exclusion of almost everything else. The devaluation of the dollar since the spring of 1985 has not, however, had more than a small direct impact on savings and investment. With little growth in the housing and car markets, in spite of the widespread availability of credit, and worse than expected employment figures last week, the US can ill afford to address the structural imbalance through monetary policy because of the risk of recession.

There is a growing recognition among Democrats in Congress that the need for tax increases will ultimately have to be addressed. The question is how to go about it. The politics of reversing the cuts in marginal income tax rates that were embodied in the 1981 and 1986 tax acts are clearly difficult. But it is equally hard to see any politician campaigning in an election on the obvious alternative, which is an increase in consumption taxes — the quid pro quo adopted in most other countries that have gone down the tax cutting route while seeking to avoid structural budget deficits.

In the present climate there is far more capital to be made out of attacking the Japanese. The White House showed the way of blocking Fujitsu's recent takeover bid for Fairchild in California, which simply adds to the difficulty of financing the US payments deficit.

In the final analysis structural economic problems cannot be resolved without the exercise of political will. And one of the more interesting questions in Europe last week was whether Mrs Thatcher was engaging in a worthy attempt to impose more effective control on agricultural overspending in the European Community, or throwing away a diplomatic opportunity by imposing a veto on a new plan for better budgetary control.

To the taxpayer the British Prime Minister's reluctance to accept a relatively high base for agricultural spending in the new budget plan that won the backing of the other 11 members of the Community must nonetheless seem a far more plausible protection than any proposal for a bill of economic rights. And unlike her ideologically sympathetic opposite number in the US, she can hardly be accused of tilting at the wrong target or engaging in diversionary activity. The assault on agricultural subsidies and surpluses is long overdue.

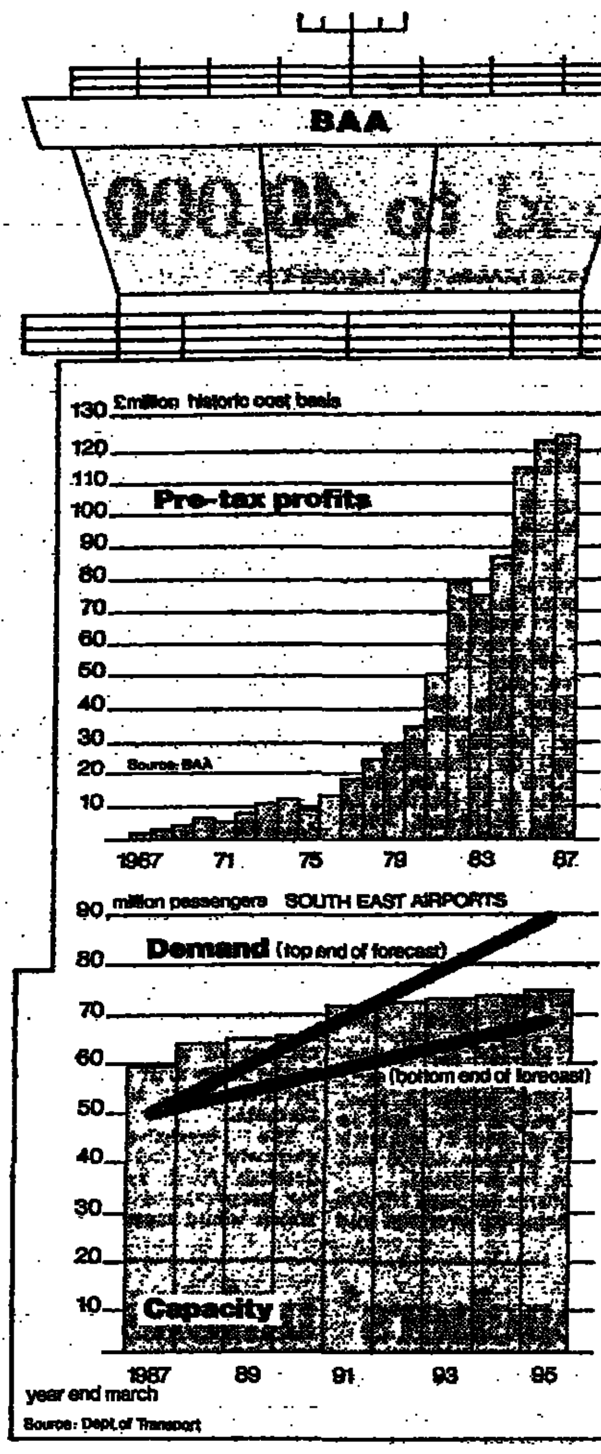
Different emphasis

One of the more striking features of Mrs Thatcher's Government since the general election, however, is that its view of freedom appears to be tinged with a different emphasis. No doubt the Conservatives remain as committed as ever to private ownership and to liberalisation; but the election debate has provoked in them a welcome recognition that the freedom from urban deprivation is quite as important to a large proportion ofthe electorate as the freedom to enjoy suburban existence in comfort and tranquility. With a relatively modest budget deficit, the Government can well afford such a view. And it would do no harm for Mrs Thatcher to be rather more decisive about who should take charge of her *inner city programme.*

The privatisation of BAA

Freedom according to the rules

By Richard Tomkins



THE PRIVATISATION of BAA — née, the British Airports Authority—is an odd affair. Airports policy has periodically been one of the most contentious areas of British domestic politics: a fierce debate has raged intermittently during the last 15 years over the provision of further capacity in the southeast. Yet the voices of those who question the wisdom of transferring responsibility for Britain's biggest and busiest airports into private hands, have hardly commanded close attention in the pre-flotation babble.

It is not immediately apparent why a privatised BAA should be a greater contributor to the common good than a nationalised one. No other country in the world—the US included—has regarded it as necessary or desirable to put its airports into private ownership.

Nor are the economic arguments for BAA's privatisation beyond challenge. No steps have been taken to challenge its monopolistic position by splitting it up into its component airports. The duty-free shops which provide a high proportion of BAA's profits will continue to be cosseted from commercial reality by a tax concession denied to other retailers.

Nevertheless, the £1bn-plus offer for sale of BAA's shares begins next Friday with the publication of the prospectus, and will likely be met with the frenetic public response accorded to other privatisation issues. Probably few investors will care to explore the potential conflicts between BAA's membership of the private sector and its obligations to the state. That is a pity: for it is interesting territory.

By now, most people must know what BAA does. It owns Heathrow, Gatwick and Stansted airports in London, and Glasgow, Edinburgh, Prestwick and Aberdeen airports in Scotland. Its income is derived almost equally from two sources: airport charges paid by airlines, and commercial revenues paid by concessionaires who operate the duty and tax free shops, restaurants and car parks. The aircraft operations are loss-leaders for the commercial activities, which produce all the profits.

Of just as much interest is what BAA does not do. It is responsible for airport security, but not for customs or baggage handling services. More significantly, it is not responsible for air traffic control. It does not decide which airlines or aircraft use its airports, or when. And it does not take the ultimate decisions over the provision of airport capacity.

To the environmentalist, that list of negatives may come as a solace. It will not be within BAA's compass to increase revenues by abolishing the restrictions on night flights at Heathrow or Gatwick, or by increasing the intensity of daytime traffic. The inhabitants of leafy Buckinghamshire will not awake one morning to find themselves on the perimeter of a new London airport—at least, not without first having a say in the matter before a lengthy public inquiry. These remain matters for the Civil Aviation Authority and the Government.

From a commercial point of view, however, the list points to some of the difficulties BAA could face in reconciling the need for profits growth with the regulatory environment in which it will have to operate.

Take the question of capacity. Air traffic has grown phenomenally in the post-war period. In 1950, UK airports handled 2m passengers: in 1986 the figure was 75m. Passenger volumes at the London airports have grown at 6.4 per cent a year over the last 20 years and the Department of Transport forecasts an average annual growth rate of between 3.4 per cent and 6.1 per cent to the end of the century.

On these estimates, passengers will soon be hanging out of the windows of London's already crowded terminals. The opening of Heathrow's Terminal Four has given some respite, but even the opening of Gatwick's North Terminal next spring and the development of Stansted to its presently agreed maximum of 8m passengers a year will leave capacity exhausted by the mid 1990s. Given the long lead times involved in bringing significant new capacity on stream, there is an urgent need for proposals.

> The question arises as to what incentive BAA will have to increase profits

But why should a privatised BAA make them? From the shareholders' point of view, it might be rather satisfactory if the company were to sit on its hands. Airports are at their most profitable when they are bursting at the seams. New terminals and runways are not only expensive to provide, but also increase operating costs without bringing a concurrent increase in revenues.

The opening of Heathrow's Terminal 4 was one reason why last year's profits were virtually static. Better perhaps to concentrate on increasing revenues from the profitable retailing activities at existing airports.

BAA rightly retorts that its profitable activities are inseparable from the traffic operations which generate its customers, so it will be in its own interests to meet rising demand for capacity to sustain long-term profits growth. A shortage of capacity would encourage competition from Continental airports.

The greater difficulty lies in the long gestation period of new capacity. That creates problems of timing, in the sense that it is uneconomic to have facilities available before there is adequate demand to justify them.

To the Government, however, commercial considerations may be a secondary factor. The importance of air transport to the UK economy and international communications is such that the Government is unlikely to risk an underprovision of capacity, temporary or otherwise, simply to smooth out BAA's earnings growth. Experience has also shown that commercial considerations do not rank highly in planners' and politicians' minds when it comes to determining where that capacity should be sited.

Indeed, BAA comes to the market already saddled with a nice example of political expediency. Against all logic and argument, Prestwick Airport has been designated by the Government as Scotland's sole long-haul international airport, and BAA is consequently obliged to keep it open, at an annual loss, to serve the aircraft which are forced to use it instead of their preferred destinations of Glasgow or Edinburgh.

If airports policy continues to be influenced by political as well as commercial considerations, it seems only fair that BAA should be free to set charges which enable it to operate economically.

In theory, it is well placed to do so. It is, after all, a monopoly, at least in the London area: no other airports, bar the small Luton and the tiny City Stolport, intrude into its south-eastern domain. The only serious competition comes from the Continental threat to its interline (transfer) traffic, which accounts for 15 per cent of the total.

Party to prevent the abuse of this monopoly, the Government has used a familiar ploy to limit increases in airport charges. This is the RPI-X formula used in the British Telecom and British Gas privatisations. In BAA's case, the maximum annual increase in landing charges at the London airports will be limited to the increase in the retail price index less 1 percentage point, with a review of the formula by the Monopolies Commission every five years.

Even without this formula, however, BAA would be limited in its ability to increase airport charges by its obligations under three international agreements: the Chicago Convention, Bermuda 2, and the 1983 Memorandum of Understanding between the US and the UK.

The extent to which these agreements are a potential shackle is illustrated by a paragraph in the 1983 Memorandum. It is sufficiently germane to BAA's charging policy to warrant quotation in full—though it is not included in the draft prospectus for the company's flotation.

It states: "In formulating financial targets with the BAA, Her Majesty's Government acknowledges the need to secure efficient use of the public resources employed by the BAA, and looks for no more than a reasonable rate of return on investment. In computing revenues that contribute to the rate of return on assets, no distinction will be made as to the sources of revenue, including duty-free sales and other commercial revenues."

The first sentence of the paragraph might be of little interest were it not for the second. As has already been noted, BAA makes a loss on its traffic operations, so the question of whether it is making "no more than a reasonable return" on its assets appears irrelevant. But the second sentence makes it clear that user airlines include BAA's profits from its commercial activities when determining the rate of return. This is the so-called single till principle.

The question then arises as to what incentive a privatised BAA will have to increase its profits, when according to the Memorandum, as soon as profitability rises above what the user airlines regard as a reasonable return, they will demand a cut in landing charges.

The answer, according to BAA, lies in the RPI-1 formula. This effectively guarantees the airlines a real-terms decrease in airport charges unless and until it is revised in the Monopolies Commission's review. The airlines will not, says BAA, argue with a deal as good as that. The quid pro quo for BAA is that it will be entitled to whatever profits increases it achieves in the face of this restraint through improvements in efficiency.

A pipe-dream? Perhaps. The new charging structure has only been in force since April, and already Pan Am and TWA are attacking both the base figure and the formula for annual increases, as the draft prospectus reveals. Heathrow charges are now to be the subject of further discussions between the UK and US governments.

Still, the "reasonable return" concept is not just a potential collar on future profits growth: it is also a cushion against possible falls. For example, the RPI-1 formula incorporates a security factor, so that if there were a sudden escalation in terrorist activity, 75 per cent of BAA's increased costs in guarding against it would be automatically recoverable.

Other factors will be taken into account at the quinquennial review. For example, when fiscal harmonisation is eventually achieved within the EC (sometime after 1992) and duty-free sales are abolished, the consequences for BAA will be considerably mitigated by adjustments to the formula.

A highly regulated life therefore has its compensations. For BAA, the end result seems likely to be a company which turns in a reasonable profits growth each year, but not an exciting one — very much, indeed, as it has for the last 21 years under the Government's thumb.

If there is a trump card, it is to be found in the small print of the prospectus, half-way down page 75, where the astute reader discovers that BAA holds 877 acres of unused land around its south-east airports. It is no secret that the company dreams one day of bringing that land into profitable use for light industrial estates, out-of-town shopping centres, leisure complexes and the like: and privatisation will give it the freedom to do so. Revenue from those activities, being unrelated to the airport operations, would be outside the purview of the regulatory structure.

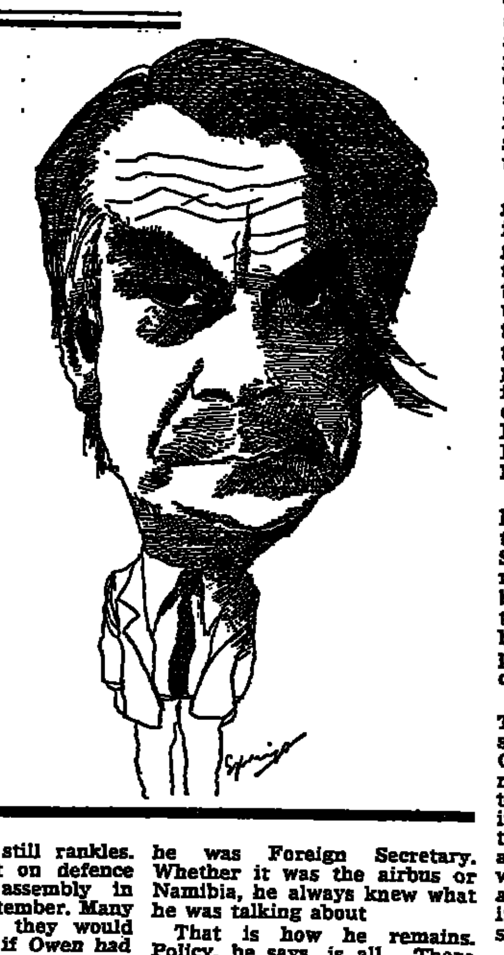
It would be unwise to count on a dramatic contribution in the short-term, though. BAA's heavy capital spending programme — £850m over the next five years — leaves nothing for speculative ventures. And anyone looking for a dramatic post-privatisation re-rating of BAA as a property developer, in the style of Associated British Ports, should be aware that the land is already valued in the balance sheet at full development potential.

Man in the News

David Owen

A star, but one without a show

By Malcolm Rutherford



When Mr Douglas Hurd, the Home Secretary, made a speech the other day calling on Dr David Owen to join the Conservative Party, it was only half a joke. Mr Hurd adds that if it had been a formal invitation it would have been marked RSVP, *circa* 1990.

For that is the period that matters: shortly before the next general election. The Tories hope that if, by then, he has no party of his own to speak of, he will advise the electorate to vote Conservative, just as that arch-Tory, Mr Enoch Powell, once advised the country to vote Labour.

Owen is the most talked about man in British politics today. The question is not so much "what *will* he do next?" but "what *can* he do next?" For he has become a leader almost without a party, a more than plausible Prime Minister-designate, as the phrase once went about Mr Roy Jenkins, but without anyone to designate him.

The isolation may increase in the next few weeks. Not only is the Alliance in crisis after the general election last month; his own Social Democratic wing is tearing itself apart. By early August a large part of the SDP could have voted for merger with the Liberals in a new party, or simply, have defected to the Liberals outright.

Owen says that that would be none of his doing, which is not quite true. Of course, he is right in claiming that the whole question of the merger is being unnecessarily rushed.

There should have been time to reflect on the election results, which were not nearly as bad for the Alliance as appeared on the night. Labour did none too well either. There should have been time, too, to reflect on the proper course for the 1990s before concluding that the decision on whether or not to merge was all important.

He is probably right again in suspecting that old personal vendettas have resurfaced. He thinks that Jenkins, the real founder of the SDP, always wanted to merge and, along with Mrs Shirley Williams and Mr William Rodgers, has been working with the Liberals to woo away SDP members. He regards them as has-beens and, in a word picked up from Mrs Thatcher, wets. There may be something in it. It is Owen rather than Jenkins who represents the future.

Yet it is easy to see why others think that his behaviour has been less than blameless. Owen is not a compromiser. A large part of the troubles go back to the defence commission last year when the Liberals and the SDP tried to reach a joint policy. Owen intervened on the grounds that the policy was not to his liking, but he also thought that some of his SDP colleagues were giving way on principles merely for the sake of reaching agreement.

That argument still rankles. The Liberals split on defence policy at their assembly in Eastbourne in September. Many of them say that they would not have done so if Owen had not seemed to be bullying them.

Owen is unrepentant. Well before the next general election, he will almost certainly have accepted Trident as the successor to Polaris if only because it will be too late to cancel.

Defence, according to his critics, is an obsessive subject for Owen. Up to a point it is, but it looks like that partly because on any subject he takes up he becomes a master of the detail. It was the same when he was Minister of Health under Barbara Castle and when he was Foreign Secretary. Whether it was the airbus or Namibia, he always knew what he was talking about

That is how he remains. Policy, he says, is all. There can be no question of a merger with the Liberals on his part until an agreed policy is in place. He means his policy, not the Liberals'. Indeed, he now thinks that in the run-up to the general election the SDP may have compromised too far in order to keep the Liberals happy: for example, in rejecting additional civil nuclear power.

Mr David Steel, the Liberal leader, is quite the opposite. He suggested at a press conference this week that, time and again, it had been the Liberals who had been rolled over by Owen. The progress of the Alliance, he said, had always been conducted at the pace of the slowest because Owen was reluctant to go along. Owen would not dispute the remark. The new factor is that some of his own members have rebelled against him.

On the face of it, he does not seem particularly interested in the referendum on the merger about to take place within the SDP. That may be deceptive; he would like the anti-merger forces to win, but fears they may not and is reluctant to stake too much on the campaign. In any case, he has his fall-back position. He will continue to sit as the Social Democrat MP for Plymouth, Devonport, expecting to be listened to whenever he speaks.

That is what happened when he spoke in the final day of the debate on the Queen's Speech in the House of Commons on Thursday, his 49th birthday. The Tories in particular listened, for they believe that he is still a vote-puller. His praise and his censure matter.

In the event, he gave both. The test for the opposition, he said, was to outflank the Government on the social market economy. That means to out-Thatcher Mrs Thatcher in creating economic competitiveness, but to do it in such a way that it was combined with compassion: "toughness and tenderness," as he put it in one of his conference speeches.

So will David Owen join the Tories? If there is such a thing as a categorical guess, the answer must be "no." He will continue to guard his independence and keep what is left of the SDP together. It is fine while it lasts, but one uncomfortable analogy comes to mind. The young Oswald Mosley was a brilliant figure. He, too, had difficulty finding a party good enough for him.

No one would suggest that Owen will go the way of Mosley in later days, but it is possible for a star to fade for want of a supporting cast.

Liza Wood looks for patterns behind a spate of deals in the international drinks industry

Everybody is after the same cocktail

WHEN A PROUD Gallic institution like Martell joins forces with a British beer, wine and spirits company, any lingering doubts about the seriousness of the current restructuring in the international drinks business must surely be dispelled.

Grand Metropolitan's 10 per cent stake in Martell, announced yesterday, along with a major distribution agreement with the cognac company, is clear evidence of the undertow which is reshaping the industry.

Mergers, acquisitions and the efforts of sharp marketing men are all part of a process aimed at revitalising the image of brands to make them appeal to drinkers from Tokyo to New York. It is proving to be a bloody battle.

"We could be half way through the regrouping, but the results are yet to be seen and that could have an even greater effect on the competition in the marketplace," says Sir Derrick Holden-Brown, chairman of Allied Lyons, the UK drinks and food group which last year acquired a majority stake in Hiram Walker's Canadian-based liquor business.

But the rationalisation shown in the charts has shuffled the positioning on the international league table of the world's top ten spirits companies. Guinness, Grand Metropolitan's IDV subsidiary and Allied Lyons, all UK-based companies, have significantly strengthened their positions. Together with Seagram, they command an estimated one-third of the internationally-traded spirits business.

Taking a less aggressive role to date, are companies such as Brown-Forman of the US, Suntory, the Japanese company, Pernod-Ricard of France and Bahamas-based Bacardi. A surprise newcomer to the top ten companies, according to Impact International, the market research organisation, is the American Schenley Industries, which aroused controversy because of its acquisition of Dewar's Scotch whisky brand during the Guinness take-over of Distillers.

Several forces, however, are driving rationalisation: static consumption levels, the acceleration of the trend towards "global markets" changing consumer tastes and the fact that some conglomerates have decided to get out of the congested drinks business altogether.

Sometimes, aggressive moves appear to have been made for defensive reasons. For example parts of the City are convinced that Allied Lyons made its expensive Hiram Walker acquisition in order to escape the clutches of Elders IXL, the Australian pastoral, brewing and financial group. Elders subsequently acquired Courage, the British brewer, as part of its strategy of developing a global beer brand. Allied insists the Hiram Walker deal took it, at one leap, into the international spirits market.

At the root of rationalisation however is the decline in the total world demand for spirits. Figures vary but James Capel, the stockbroker, estimates that spirit consumption in the 27 largest world markets fell by 8.3 per cent between 1979 and 1984.

The decline has been particularly severe in traditional markets such as the US, where health concerns and federal tax increases have taken their toll. Increased consumption in other areas, including the Pacific Basin, have failed to make up for the fall.

"After 50 years of more or less constant growth we have reached the point of static world sales. When this happens it is inevitable that there will be a concentration of the industry," says Mr George Bull, chairman of IDV.

These "get bigger or get out" pressures led Argyll, the supermarkets group and failed suitor of Distillers, to dispose of its small liquor businesses shortly after its abortive bid. It said that from its modest base in a highly concentrated industry, establishing a major international drinks business at an acceptable cost was no longer practical. R J R Nabisco, the US conglomerate, has also abandoned the race, as has National Distillers & Chemicals in the US.

Organic building of an international spirits business, particularly in today's aggressive marketplace, is considered to be too slow. Scale is felt to be vital for successful marketing.

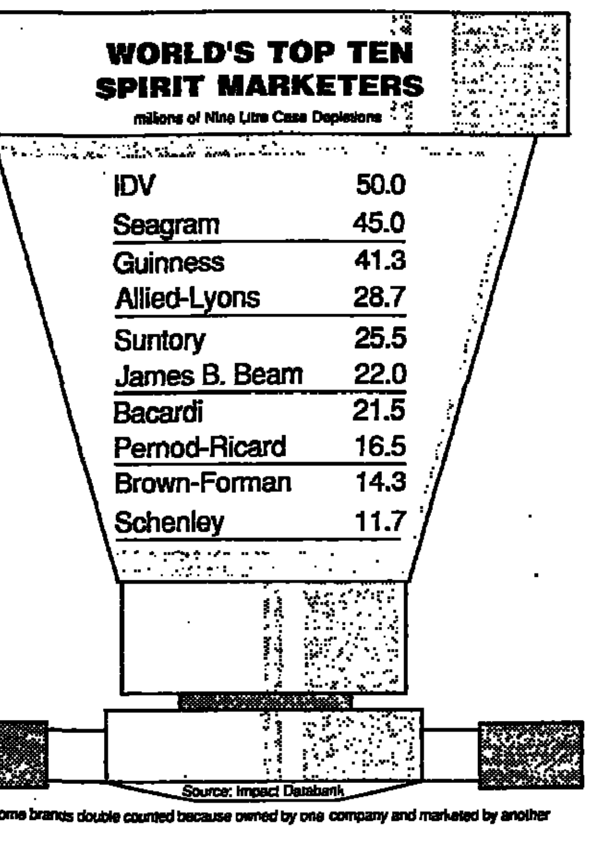
"A brand with worldwide sales of 10 cases cannot support a worldwide network of distributors," says Mr Tom Coran of James Capel. "With scale should also come balance of business. The better the balance, the lower the risk from any single quarter."

Larger companies also have the resources to pursue those sections of the market where there is still some growth.

Liqueurs and white spirits such as vodka (outside the Soviet Union, there Mr Gorbachev's anti-alcohol campaign is biting) are perceived by consumers to be more healthy than brown spirits such as whisky.

THE BIG ACQUISITIONS

Date	Company acquiring	Company acquired	Cost
1985	Guinness	Arthur Bell	£360m
1986	Guinness	Distillers	£2.5bn
1986	Allied Lyons	51 per cent of Hiram Walker	£650m
1986	Grand Metropolitan	Heublein	$1.2bn
1986	James B. Beam	National Distillers	$545m
1987	Grand Metropolitan	10 per cent of Martell	£30m



Some brands double counted because owned by one company and marketed by another

The acquisition of white spirits has been one strand of take-over activity. IDV's acquisition of Heublein, for example, brought it Smirnoff, the world's leading brand of vodka.

Armed with a wide range of drinks, producers are in a stronger position to negotiate with distributors and retailers and to supply them efficiently. But most central of all in such a negotiation is the ownership of strong brands. Distributors want the kind of brands which will sell well.

In addition premium-priced brands afford much greater profitability than commodity items. Wood Mackenzie, the stockbroker, estimates that in the UK the top 20 per cent of earners spend four times as much on alcohol as the bottom 20 per cent of earners.

Assuming the top 20 per cent do not drink four times as much, the lesson is plain. Trading-up into premium priced products—with consumers drinking better quality albeit at higher prices—is a worldwide trend. In the increasingly important Pacific Basin, where spirits consumption is increasing, consumers are particularly aware of the status a premium brand confers. Locally made spirits take about half of spirit sales outside the Eastern bloc and are particularly strong in the Far East. Companies trying to get into these markets argue that they need strong distributors and a prestigious international brand to attract consumers.

Another potential solution to the distribution problem is joint ventures. Moet-Hennessy, the French producer of major champagne and Cognac brands has set up a joint distribution company with Guinness, forming a series of networks in the US, Japan and the Far East.

"Our agreement with Moet-Hennessy brings together two major European companies with a common objective, to optimise the potential of premium brands on an international scale," according to Mr Anthony Tennant, chief executive of Guinness.

Single product companies are also following this pattern. Bacardi, the Bahamas-based producer of the world's biggest selling brand of rum has recently set-up a joint distribution company with Guinness in Spain. The company is also looking at possible partners for similar ventures in other parts of the world.

Undoubtedly the major companies are putting their slide rule over many of the same companies. Mr John Dunsmore, an analyst with Wood Mackenzie, the stockbroker, says: "It is like a game of chess. You can now examine the portfolios of the international groups and predict what gaps they will try to fill. Seagram, for example, wants an international standard Scotch. Allied Lyons, with Hiram Walker, wants a white spirit."

Others think that one of the major companies could also yet be a victim. Seagram, rocked by internal disputes among the controlling Bronfman family, is the name on many lips. "Seagram has enormous strength but it has not used it," says one senior member of the industry.

Indeed, Seagram, whose brands include Chivas Regal, is a good example of a company that has done many of the right things—spreading its portfolio and markets — but which remains too dependent on the difficult US market and is unsatisfactorily profitable.

Although these global trends are compelling, it does not mean there are no exceptions. Brown-Forman, the Kentucky-based distiller which holds Southern Comfort and Jack Daniel's Black whiskeys, is heavily dependant on the ailing brown spirits sector and its domestic market but through skilled marketing of strong brands operating profits have grown by 56 per cent between 1980-86. In the same period Seagram saw its operating profit fall by 11 per cent. IDV, which made no major acquisitions in the five year period to 1985, saw its operating profits grow from £36.2m to £149.6m. Guinness, now headed by Anthony Tennant, architect of the IDV strategy, is now pushing the same strategy of building premium brands in growth sectors and developing its own distribution chain.

When the acquisition roundabout stops it will no doubt become evident that some of these deals have been too hasty.

In those boardrooms where *new acquisitions* hang like trophies on the wall, globalisation of brands is a buzz word. But it is easy to forget that several companies have been striving for decades to build their brands and sell overseas against stiff local opposition.

Mr Dunsmore of Wood Mackenzie thinks this is the key. "There are such short-term pressures to perform within the industry, that we back those companies with long-established brand development programmes."

Lombard

Don't dance on Neddy's grave

By John Elliott

MARGARET THATCHER'S famous dictum that "there is no alternative" has chalked up another victim this week with the crushing of the 25-year-old National Economic Development Council and its large brood of tripartite industrial committees.

With a single swipe, no doubt long planned, she has formally marked the end of an era in which people tried to develop more participative methods of running the country's government, institutions, and companies.

In her own terms, she is right. Her abrasive, winner-takes-all, approach to economic and social policies has achieved much of the improved industrial efficiency and progress that many people in the 1960s and 1970s hoped to achieve more gently, with less hardship and social cost, by participation between government, companies, unions and employees at all levels of the economy.

This is not just a question about Neddy, an organisation of admittedly limited effect, beaming its economic and industrial debates and analysis from its elegant Thames-side offices in central London.

Bigger issues of economic and industrial participation were opened up by the late Lord Stockton's founding of Neddy in 1962 to provide a tripartite partnership in economic and industrial planning. It had its ups and downs through the Wilson and Heath Governments between 1964 and 1974, and then developed into the much maligned social contract between the TUC and Labour Government from 1974. This led directly to its zenith, with the 1977 Bullock Committee proposals on industrial democracy and trade union-based worker directors.

The various protagonists backed this movement of economic and industrial participation for widely varying reasons. There were those who favoured a corporate state, along with central government industrial planning and intervention, bringing trade unions and employers into places like Neddy.

There were others who believed in changing the balance of corporate power to the advantage of the employee rather than shareholders, whether this was to be done by methods of co-ownership and worker co-operatives, shop floor participation, or trade union-based intervention in management. Then there were the union leaders, who wanted to shift their centre of operations from the shop floor to centres of national and corporate decision making.

But there were also many of us who bought the ideas, not from some ideological or political standpoint, but simply because they seemed to offer a constructive, co-operative alternative to the debilitating conflict-based systems that had bedevilled British industry for decades.

Many of the ideas however were alien to a Britain that instinctively dislikes corporatism and abhors too much government intervention. Collectivist approaches seemed ever less useful when trade unions failed to deliver pay restraint and showed themselves unwilling and incapable of making the ideological jump from conflict to co-operation. Ultimately the TUC over-played its hand with its worker director and other ideas and prepared the intellectual ground for a government devoted to destroying collectivism and trade union power.

But something was achieved during these years. Companies were induced into developing consultation and participation systems with their employees and unions, and not all these experiments collapsed. Neddy-style operations did assist industrial change; reform of industrial relations on large construction sites is a famous example. Trade unions did begin to broaden their horizons.

Under Mrs Thatcher, such subjects seem, as they are, preoccupations of a bygone age. Debates about them, and so the crushing of Neddy, have little point. But the pendulum will one day swing back and someone in Downing Street will echo the sentiments of Mr Edward Heath, who launched a tripartite economic dialogue in 1972 after his first disastrous national miners' strike with the words: "We have to find a more sensible way of settling our differences."

The author was the FT's Labour, then Industrial Editor from 1958-82.

Letters to the Editor

More creative accounting

From Mr D. Allen

Sir,—Your report (June 26) that shares in the stores sector had tumbled "on fears of an onset of conservative accounting" was intriguing, prompted as it was by the Argyll Group's decision to treat reorganisation costs as exceptional rather than extraordinary.

It surely goes without saying that Argyll's prospects as a retailer, its capacity to generate cash, and hence its value as a business are all totally independent of the decisions as to which line of the published accounts any particular outlay is shown on. One must question therefore, the thought process which sent the brokers "scurrying to nearby pay-phones" to mark down the shares.

If it is true that the City rates last year's earnings per share higher than future prospects, then you need look no further for the cause of short-termism and the growth of creative accounting.

David Allen.
15 Alderbrook Road,
Solihull, West Midlands

Poll tax or import duty

From Mr P. Clements.

Sir,—You have reported that policy makers do not accept current opinion on trade protection and that "costs of protection are widely spread (and) hard to quantify," under "Tackling the politics of protectionism." (June 26). This covered a seminar, "Protectionism and the consumer," organised by the UK Consumers' Association together with the Trade Policy Research Centre.

While it is possible for a government to cause very substantial damage to its economy by blanket exclusion of imports, even "over-protection" by tariff is merely a concealed change in currency valuation. Though there can be political barriers to the correct quantification of economic policy requirements, there is relatively little numerical difficulty.

Taxation is just one method of meeting the expenses of government. Revenue can be conveniently raised from tariffs on imports. Higher levels of import duties may reflect the inclusion of the marginal cost of relevant surplus domestic capacity to the government or alternatively to provide room for domestic expansion. Lower levels of duty may reflect the desire of the government to provide economic favours to a section of the economy.

In general, a government favouring economic domestic expansion will prefer to raise revenue through import duties, and a government favouring contraction will prefer to tax domestic capital and income. (Detailed consideration of the relevant merits fall outside the scope of this letter, but like any other overheads these should be absorbed through variables which it is intended to reduce so far as is practical.

It will be appreciated why current UK proposals to raise local revenue by means of a poll tax are of great political interest. I do not suppose that I am alone in wondering what happened to HM Ministers who put forward such a proposal in a more robust age.

Peter Clements,
46 Ellement Close,
Pinner, Middlesex.

Second Finance Bill

From Mr H. Wynne-Griffith

Sir,—I hope the Government will take the opportunity of discussing first the proposals in the Budget that are likely to be reintroduced in a second Finance Bill. These are as follows:

The limitation of maximum pensions to only those who stay 20 years with the same employer. This is an inhibition to the mobility of labour—particularly among the "captains of industry."

The arbitrary introduction of a monetary limit on the cash lump sum at retirement. This is inhibition to the mobility of labour—particularly among high earners.

The inclusion of stand-alone additional voluntary contributions (a good thing—way overdue) within the limit placed on the occupational pension. This is unpoliceable and so why introduce it?

I may not like the proposed legislation, but I would like less to see bureaucracy win the day simply because of badly designed legislation.

H. R. Wynne-Griffith,
3 Dulwich Wood Avenue, SE19.

Not enough homework

From Mr D. Maclean.

Sir,—I read with increasing interest the article "Teaching the French way" (June 25), and found that it highlighted many of the features which require urgent attention in England.

Perhaps I may be permitted to add one or two of my own experiences to those of your correspondent. Our daughter began her primary education in Scotland, and came home on her first day—aged 4½—with a little homework—spelling if I recall correctly. Later, in a state primary school both children got homework which increased in duration and difficulty as time went on, as is common in Scotland. Some years later, at a parent-teachers' meeting at our local primary school in Stortford held to discuss the "crisis" in education as it affected the school, I suggested that homework be introduced. In response, the silence was deafening—no one wanted to know, neither parents nor teachers. This is probably typical of the low level of interest even among middle class parents of pupils in the state system in England. In Scotland and in France general attitudes place much more value on education and on cultural affairs.

In secondary schools that my children have attended the amount of homework they have been given has always been very much less than I remember having to do, and less than their contemporaries in Scotland or France had to do I suspect. I believe that more could reasonably be asked of many pupils in the state system to their own benefit and ultimately that of employers and cultural life generally.

I wish the Government every success in the long overdue reforms of education in England.

D. J. H. Maclean,
10, Graillands,
Bishop's Stortford, Herts.

The Colombian economy

From the Colombian Ambassador to Austria

Sir,—Your report on the United Nations conference on drug abuse and illicit trafficking (June 24) contains a number of points which need to be clarified.

The article, entitled "Drug fight guidelines watered down," reports on certain disagreements between rich and poor countries which in fact is nothing new nor surprising.

The article does state however, that certain countries argue that the main responsibility for drugs control lays "mainly with the rich countries where demand is the greatest."

The article then adds that those countries' economies are sustained by the illegal cultivation of the coca bean (the basis of cocaine as is wrongly stated), a completely irrelevant point for the argument. Among those countries he mentions my country, Colombia.

The following points need to be clarified: Illegal cultivation of coca plants does certainly not sustain the Colombian economy. The Colombian economy is mainly dependent on the cultivation of coffee. Colombia's efforts in the fight against illicit drug traffic, which your reporter seems to ignore, have received world wide recognition.

The main point, which your correspondent failed to report, is that despite some differences in departing positions, the countries agreed to recognise their collective responsibility in the fight against the illicit drug traffic, as stated in the political declaration adopted by the conference.

Enrique Parejo Gonzalez.
(Head of the Colombian delegation to the conference on drugs),
Dr. Heinrich Maierstr. 53,
A-1180 Vienna.

Frustrated Europeans

From the Chairman,
Liberal European Action Group

Sir,—Despite Tim Dickson's disparaging report (June 30) on the "hordes of Euro-fanatics" who demonstrated at the Brussels Euro-summit, subsequent events have proved them correct.

Once again it is Mrs Thatcher who has frustrated the search for European unity. Eleven out of the twelve states of the European Community backed the plan for a radical overhaul of future finances of the EC, including strict budgetary discipline. Only Thatcher, who does not even command a majority of support in her own country, *stood out against* the will of the overwhelming majority in the EC and refused her assent.

Like the first five years of Thatcher's rule, the EC is going to be bogged down, yet again, with procrastination and talk of a "juste retour" on "our money."

Quite rightly, we in the European majority who wish to see positive and imaginative joint action towards the goal of a truly common market, must demonstrate our frustration with this petty minded politician. We in Britain, who are denied our right to direct representation in the European Parliament by the electoral practices of the ruling parties, are doubly frustrated.

Just like in the Philippines or South Korea, we who are denied our representation must and will take to the streets to demonstrate our political beliefs. Likewise, where the political will of the majority is frustrated by the machinations of ruling minorities, public outbursts will become more common and more heated. Overseas companies, wishing to invest in the EC, will begin to think twice about setting up in Britain, as the country least committed to a united European market.

Those of us who wish to see progress in European politics are in the majority in the EC. Unless the British Government takes more notice of the political realities in Europe, unless the Tories start acting like Europeans, instead of just talking about it, they will create a backlash of feeling that will sweep Britain from the European stage and into the backwaters of economic obscurity.

Leslie A. Rowe.
1a Whitehall Place SW1.

UK forging industry

From the Director-General,
British Forging Industry Association

Sir,—In the course of his interesting analysis of the UK motor components industry (June 30), Kenneth Gooding states that "the UK forging industry has fallen well behind competitors elsewhere in Europe." There is no foundation in fact for this statement.

The British forging industry has suffered a substantial contraction in the past five or six years, owing to the much reduced demand from its principal customers: the automotive, commercial vehicle and agricultural vehicle industries. On the other hand, in 1986 we managed to export 16.5 per cent of our total output, which is scarcely the performance of an industry which has lost ground in the international arena. Direct imports of forgings in the same period are estimated at between 12 per cent and 15 per cent of total UK consumption. Some UK forging companies such as United Engineering and Forging export about 30 per cent of their output, principally to other European countries and the US, and one company, Davy Forge of Hartlepool, last year won a Queen's Award for export achievement, with exports of 50 per cent of total production.

Many UK forging companies are now using computer aided manufacturing techniques, and several companies are producing high yield near-to-net shapes by precision forging methods, e.g., precision forged turbine blades for Rolls-Royce aero-engines and other critical components for demanding aerospace companies. Others produce forgings of the highest integrity for orthopaedic implants.

To suggest, therefore, that the UK forging industry does not have the knowhow to meet the requirements of domestic automotive customers is misleading nonsense.

D. A. T. Powis,
245, Grove Lane,
Handsworth, Birmingham.

UK COMPANY NEWS

Clay Harris looks at Ratners' takeover of Sterling in the US

Adding gold links to a chain

MR GERALD RATNER can only hope that customers will follow his example of buying on impulse. The only difference is that when he goes shopping for a jewellery chain, it contains 117 stores, not 9-carat gold.

Ratners Group, Britain's largest jewellery retailer, took only a week to clinch the $203m (£126m) takeover of the fourth largest chain in the US — after Mr Ratner made himself an instant expert on shopping malls with a flying inspection of nearly a fifth of Sterling's stores.

The lighting move into the US, as well as the addition through Ernest Jones of another 61 shops to its leading UK market share, shows that Mr Ratner is not downhearted after being outbid by Next for Combined English Stores in May.

Indeed, few would have guessed yesterday that he ever could have been interested in CES, as he praised his company's wisdom in sticking to jewellery retailing, rather than losing focus with products like handbags, as if Salisbury had not been a significant part of his erstwhile target.

Whether hinting at sour grapes or making a virtue out of necessity, Mr Ratner's robust promotion of the latest deals was necessary to justify calling on shareholders for another £122m, even before they finally had to decide about May's £82m rights issue.

It also underlines, however, his supreme confidence in the two-pronged strategy developed yesterday.

Barring an upset by the Office of Fair Trading, Ernest Jones will take its place on the top level of Ratners' effort to saturate the UK jewellery market from low to middle.

Ratners will aim to relieve each Jones customer of an average of £35, against the existing group range of £15 at Terry's, to £20 at Ratners and £25 at H. Samuel.

With two-thirds of its stores in indoor shopping centres, Jones will give also Ratners an important each-way bet in the race between high street and edge-of-town retailing.

The transaction, nevertheless, is likely to be the group's last major jewelery acquisition in the UK, although Mr Ratner did not exclude the purchase of a chain of a dozen shops, or indeed picking up some outlets from Mr George Davies as Next rationalises its CES portfolio.

But six UK trading names (Watches of Switzerland and James Walker, as well as those already mentioned) are enough, according to Mr Ratner, once again giving a rationale to what is probably the limit, anyway, Ratners would be allowed. Growth towards the talismanic 1,000 UK shops henceforth, will come mainly through new openings.

However, Mr Ratner sees the US market as ripe for a shake-out and consolidation similar to the one which he has sparked in Britain. His instant analysis of the players focused quickly on Sterling as the ideal vehicle for Ratners' US expansion.

Ranking fourth in turnover after Zale, Gordon and Kay, Sterling had sales of $100m in the year to January, with an average transaction of $200. Diamond and gemstone rings and jewellery, with an average price of $400, accounted for 70 per cent of total sales.

Mr Ratner had nothing but praise yesterday for Sterling's prices, merchandise, stock controls and staff training: "It's totally systemised, highly efficient and very slick."

Nevertheless, he believes that Sterling needs to sound its own trumpet louder. The strategy of pushing keenly priced large-ticket items to the prosperous young adults was right, but needed higher exposure. It could start by adding price tags which the customer could see without the aid of a sales clerk.

He stepped gingerly around the bodies of earlier expeditions from Britain. "Transferring a retail formula across the Atlantic has been a classic mistake made by people from Marks and Spencer downwards," Mr Ratner said.

Apart from scepticism on this point, caveats were also being expressed yesterday about what one analyst described as the "indecent haste" of the acquisition.

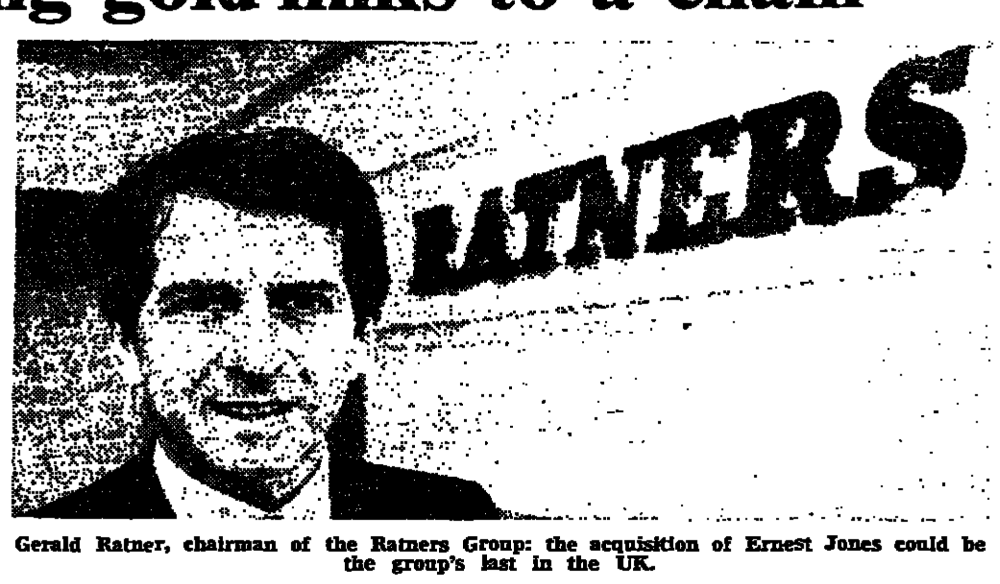
There were suggestions that Ratners had moved swiftly to pre-empt an auction by the institutional shareholders who backed the management buy-out of Sterling two years ago.

The $41 share offer, 50 per cent above the last Nasdaq market price, also was intended as a knock-out.

The launching of a second rights issue has prompted the extension of the first, which had not formally closed. For a further 2 per cent commission, to be shared with sub-underwriters and brokers, Morgan Grenfell is reunderwriting the first cash call.

Shares issued as part of the original issue will be eligible for the second. This applies to subscriptions by existing shareholders and to nil-paid rights bought in the market.

Shareholders who have taken up rights will be allowed to rescind this decision but there is no recourse for anyone who has sold nil-paid rights. Any shares issued as part of the Jones acquisitions are not eligible for either rights issue.



Gerald Ratner, chairman of the Ratners Group: the acquisition of Ernest Jones could be the group's last in the UK.

Over 1m register for BAA prospectus

By Richard Tomkins

THE IMMINENT flotation of BAA, the state-owned airports group, appears to be creating strong interest among investors in spite of the relative complexity of the offer arrangements.

With another week to go before the launch of the prospectus, the number of people registering with BAA's share information office passed the 1m mark yesterday. That compares with less than 700,000 each for the Rolls-Royce and British Airways flotation when their share information offices closed.

There had been concern in some quarters that the unusual structure of the offer, under which part of the shares will be offered at a fixed price and part through a tender, would prove off-putting to investors. Yesterday's figures suggest that those fears could prove unfounded.

Meanwhile the debate over the pricing of the offer rumbles on with, the Government's advisers apparently at loggerheads with independent analysts and BAA itself.

The County NatWest, the merchant bank advising the Government, and County Securities, the bank's broking arm, continue to suggest that the shares warrant a rating above the market average, suggesting a price well above the 250p mark.

However Phillips & Drew, a stockbroker not connected with the flotation, yesterday joined other independent brokers in suggesting that an offer price in the range of 210p to 220p would be more appropriate, giving BAA a market capitalisation of 1.05bn to £1.1bn.

"In view of the highly regulated nature of BAA and the political worries on duty free sales, we believe BAA's price should be set at a discount to the market price/earnings ratio, despite its good growth potential," Phillips & Drew said.

Freedom according to the rules, Page 6

Hogg Robinson plans £34m share offer to finance growth

Hogg Robinson, the new travel, transport, property and financial services company, is asking shareholders for £33.7m net of expenses to finance its growth after its demerger from the old Hogg Robinson Group.

The new company aims to use the money t oclear its balance sheet of debts and fund expansion of its 77-strong chain of British estate agency branches and its network of travel agents.

Mr Brian Perry, the chairman of the new Hogg Robinson said yesterday that it intended to maintain its independence after the demerger. Takeover by a larger group could be "highly demotivating" for employees, he added.

Yesterday's announcement came eight days after Hogg Robinson Group said it was spinning off its travel, transport and financial services arm into the new company, the shares of which would be issued on a one-for-one basis to the group's existing shareholders.

Hogg Robinson Group will keep the old Hogg Robinson inscurance broking activities but will change its name to Hogg Robinson & Gardner Mountain.

Baring Brothers, Hogg Robinson Group's merchant bank adviser, said the new Hogg Robinson company planned to raise the £33.7m via an issue of 19m ordinary shares at 185p each.

This offer is subject to approval of the demerger plans by a shareholders' meeting of the old Hogg Robinson Group. The offer values the new Hogg Robinson company at £121.7m, with a historic price-earnings ratio of 15.9 based on pro-forma earnings for the year ending March 31.

Barings said the offer was on the basis of 41 ordinary shares for every 100 held. Full-time employees of Hogg Robinson's travel, transport, estate agency and financial services business are being invited to apply for up to 10 per cent of the new issue.

Hogg Robinson Group said details of the offer are being sent out to shareholders today with a circular convening an extraordinary general meeting on July 27, which will be asked to approve the demerger.

Trading in shares in Hogg Robinson Group was suspended on the Stock Exchange on July 23. Dealings are expected to resume on Monday.

Belgians shunned by Contibel shareholders

By Lucy Kellaway

THE SECOND closing date for the agreed £395m bid by two Belgian companies for Contibel, part of the old Imperial Continental Gas Group, has brought in an additional 0.5 per cent of acceptances over the 7.2 per cent which had accepted by the first closing date.

Groupe Bruxelles Lambert and Tractebel announced yesterday that they now speak for 37.3 per cent of the company and that the offer is extended until July 16.

The poor response to the offer was not seen as surprising yesterday, as it followed heavy lobbying by the company's institutional shareholders in protest of the agreed bid, which they believe to be too low.

Neither of the Belgian companies, nor their advisers were prepared to comment on the outcome, nor on the next step. In an unusual statement put out last week, the bidders said that after the second closing date they would consider themselves free to make a higher offer for the company.

If, as seemed increasingly likely yesterday, the existing offer fails, it will be one of the first examples of a bid which was recommended by the board, only to be subsequently rejected by shareholders.

The board of Contibel is meeting early next week. One possibility is that the directors will withdraw their support for the 278p bid, which compares with a market price for Contibel shares of 302p.

Freshbake finds stock discrepancy at Wold Farm

BY STEVEN BUTLER

Freshbake Foods, the rapidly-growing frozen foods company, yesterday reported an estimated £1.5m discrepancy in stockse at Wold Farm Foods, part of the Wold group which Freshbake acquired in December 1986.

The discrepancy could lead to a large revision of Freshbake's results in the year to April 4 1987, in which Freshbake reported pre-tax profits of £2.5m.

Freshbake said that certain Wold officials were dismissed after discovery of the discrepancies, and that the company was taking legal advice. The irregularities wera discovered by Freshbake personnel, and Kidsons, Freshbake's auditors, have begun an investigation of all aspects of stock recording, valuation and control at Wold.

Mr John Taylor, Freshbake chairman, said yesterday that the full scale of the discrepancy had not yet been determined, and that the impact on Freshbake could be affected by when it occurred.

Offer documents at the time of the acquisition included forecasts of stock levels and profits to the end of March 1987.

Wold was a loss-making frozen foods company which Freshbake acquired for £8m. Mr Taylor said that aside from the problems discovered in stock record keeping, the integration of Wold into the Freshbake group was going smoothly and successfully.

Freshbake shares dropped back to their opening level of 168p after the announcement.

Clyde to buy rest of Mercia

Clyde Petroleum, the independent oil company, yesterday announced plans to buy Mercia Petroleum, an oil exploration company in which Clyde already owns 19 per cent, in an all-share deal, worth about £3.8m.

Mercia, whicvh holds six offshore blocks and one onshore licence, was formed by Clyde and other institutions in 1984 in order to apply for licences in the Ninth Round.

Clyde said yesterday that the purchase was an important extension to the company's exploration interests, particularly in the southern Gas Basin.

Heron has 5.3% stake in Black's Leisure

By Nikki Tait

Heron International, the property group headed by Mr Gerald Ronson, announced yesterday that it has taken a 5.3 per cent in Blacks Leisure, the camping and leisurewear retailer which was saved from receivership by a £1m consortium package last year.

Heron has bought the 13.5m shares through two subsidiaries —the National Insurance and Guarantee Corporation and HH Investment Trading—and describes the purchase as "a medium-term investment."

The company said it believed the Blacks management is now "very good" with ample scope for progress. The shares have been bought ex-rights and the stake will be diluted to 4.96 per cent if the recommended offer by Blacks for Gee/Rosen Organisation goes through.

The shares have come from the chairman of Blacks, Mr Bernard Garbacz — one of the principal investors in the consortium rescue, and already known to Mr Ronson — at 22p, a substantial discount to the market price.

The discount, maintained Mr Garbacz, was necessary "to take in shareholders of that quality and calibre." Yesterday the price added 4p to 34½p on the news.

Mr Garbacz has also sold a further 1.6m shares at 26p to Hitchens Harrison, the company's brokers. However, he said yesterday that, along with other directors, he will now take up his rights in the recent Blacks cash call in full, and the sum raised from these disposals will roughly fund that cost.

Directors of Blacks will end up with 28.2 per cent of Blacks after the rights issue is completed.

Dalgety sells ABM for £29m

BY NIKKI TAIT AND SARA WEBB

Dalgety, the food and commodities group, yesterday announced that it has exchanged contracts over the sale of Associated British Malsters, in a deal which leaves Dalgety with approximately £29m in hand.

Harrisons & Crosfield, the palm oil to plantations group which had already confirmed that it was negotiating for the business, is to pay £14m for the entire share capital of ABM—compared with a book value for capital employed at £21m.

However, Harrison will also pay £1m to settle inter-group debts and a further £10m to cover contracts for the supply of malting barley which fall due up to the end of July. Dividend settlements totalling £4m take the total effective proceeds for Dalgety to £29m.

ABM has annual sales of around £55m and made pre-tax profits of £1.4m in the year to end-June 1986. Harrisons is buying it via a wholly-owned subsidiary, Pauls Malt, which itself had sales and operating profits last year of £77m and £6.95m respectively. Together, Harrisons says it will now have one of the three largest malting groups in the world.

The Dalgety disposal comes as part of a vigorous rationalisation programme, designed to concentrate the company's energies on its core food business. Yesterday, it also confirmed that it had finalised the sale of K & K Greeff, the UK speciality chemical agency for £8.2m to a management buy-out backed by Investment AB Beijer, the Swedish industrial, trading and financial services group.

However, on the stockmarket the UK company's price slipped 8p to 378p, as a large line of shares went through. The business was believed to have been done by Warburg Securities, which acts as joint brokers to both Hillsdown Holdings—which has been rumoured as a suitor for Dalgety in the past and was thought at one stage to hold just under 5 per cent of the shares—and Dalgety itself.

Warburg would say only that the 10m shares was the "probable" size of the transaction—around 4.5 per cent—while Hillsdown refused to comment on suggestions that it is now out of Dalgety altogether. However, Dalgety said that it believed this was the case, and that the shares had gone to a number of institutions.

LIG diagnostic kit 'not ready'

BY DAVID WALLER

London International Group, manufacturer of condoms, yesterday acted to dampen speculation that it had discovered an infallible way to prevent pregnancy.

On Thursday, its shares rose 40p to 362p after it emerged that LIG has exclusive rights to distribute a state-of-the-art contraceptive diagnostic kit being researched by Boots-Celltech.

The kit allows women to predict their level of fertility with a high degree of accuracy, and thus to know whether it is safe to have sex without using contraceptives.

Yesterday, the shares fell back 11p after the company said that, as the product was several years away from being marketed, comment on the likely effect on profits was "premature and entirely speculative."

Siegler subsidiary

By Janice Warman

British Aerospace is to acquire Steinheil-Lear Siegler, a West German subsidiary of the US group Lear Siegler, for DM 50.25m (£17.1m) in cash.

Steinheil-Lear manufactures electronic precision components, specialising in optics for giroscopes and military sites. In the year to May 31 1986 it produced pre-tax profits of DM5.6m (£1.9m).

BAe said the deal would add expertise to its existing work in military optics.

It is conditional upon the approval of the German Federal Cartel Office.

BAe's shares closed 11p higher at 540p.

GUS £3m buy

Great Universal Stores, retail group, is to add Andy Hampers, which sells hampers and jewellery, to its mail order interests. The £3m consideration is to be satisfied by the issue of 196,128 A (non-voting) shares and cash.

Brierley's 5.8% in Utd Guarantee

Leyland Growth of New Zealand, an investment arm of Mr Ron Brierley, the New Zealand entrepreneur, has taken up 1.5m shares in United Guarantee, a 5.75 per cent stake prior to a proposed rights issue.

Mr Robert Clarke, who as chairman, led United Guarantee back from the brink of collapse, said yesterday that he welcomed the investment.

Mr Clarke said the investment represented confidence in the growth prospects of United Guarantee, which distributes lubricants and heating products.

United Guarantee is currently raising £2.5m in a rights issue for the acquisiton of Interlite, a distributor of specialist office lighting products, and Textino, a distributor of hygiene products.

Mr Clarke said the group was looking at several possible US acquisitions, with an eye towards building a presence in the US market to account for over half of group activities.

United Guarantee shares yesterday closed up 4p at 64p.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§132	F.P.	30/6	205	155	B.D.A. Hldgs. 10p	205	......	L2.5	3.70	1.7	22.3
§77	F.P.	—	122	90	Barrett (Henry) 10p	117	......	R2.81	2.2	3.3	18.7
§77	F.P.	30/6	113	96	‡BondedLaminates10p	113	+2	L2.4	2.4	2.9	19.8
155	F.P.	—	182	158	Britannia Group (5p)	181	−1	R3.85	3.0	2.9	15.7
250	F.P.	—	334	250	Caradon 5p	334	......	L6.0	3.0	2.5	5.8
—	F.P.	—	23	10	ChildHealthRes.Wrts	21½	......	—	—	—	—
§125	F.P.	—	185	145	‡Colorgraphic 10p	182	......	L3.0	2.8	2.2	21.2
§120	F.P.	31/7	165	150	‡Colorvision 5p	158	......	R2.2	2.7	1.9	26.3
§120	F.P.	—	180	160	*Comac Group (5p)	160	......	—	—	—	—
‡290	F.P.	10/7	329½	278	Computer People 5p	329½	+24½	u3.6	3.2	1.5	28.8
‖‖	F.P.	—	190	166	Cresta Hldgs 10p	175	−7	—	—	—	7.2
§56	F.P.	17/7	82	71	‡de Morgan 5p	77½	......	R1.0	4.3	1.8	18.1
§95	F.P.	—	140	113	Elga 5p	133	......	L21	3.20	2.2	19.7
§80	F.P.	—	108	101	*Far East Res. 10p	108	+5	—	—	—	—
§178	F.P.	—	236	223	Glamar Group 10p	235	+2	u6.5	1.7	3.8	20.7
§170	F.P.	1/7	205	188	H'bros Adv. Tech Tst.	193	......	—	—	—	—
§135	F.P.	—	193	184	Harland Simon (10p)	193	+3	L1.9	4.1	1.3	25.0
§105	F.P.	5/8	215	105	‡Knobs & Knockers 10p	140	......	L1.17	4.60	1.1	26.1
§165	F.P.	—	228	165	Lancaster	168	......	L2.75	3.5	2.2	17.3
5	F.P.	22/7	210	190	‡Learmo'th & Burch 10p	208	......	Lu1.3	5.8	0.9	27.4
§130	F.P.	15/7	177	163	Neotronics 5p	175	......	R1.8	4.2	1.4	23.1
—	F.P.	—	140	80	Oriflame Int Warrants	140	......	—	—	—	—
125	F.P.	26/6	190	180	Pickwick	182	−1	R2.5	3.1	1.9	23.6
§83	F.P.	—	101	88	Practical Invs.	101	......	—	—	—	—
§200	F.P.	—	205	201	Primadona	204½	−½	92.25	5.1	1.5	17.7
¶¶	F.P.	—	118½	94	River&M'c Cap 12½p	118½	......	—	—	—	—
¶¶	F.P.	—	103	98	Do. Inc. 12½p	99xd	......	H5.67	—	7.9	—
¶¶	F.P.	—	38½	18	Do. Wts 12½p	38½	......	—	—	—	—
¶¶	F.P.	—	102	98	Do. Stepped Prf 12½p	99	......	H4.20	—	5.7	—
§165	F.P.	31/7	265	183	‡Ross C'sum. Elec. 10p	255	......	L3.5	2.6	1.9	27.6
‡100	F.P.	—	103	97	Saltire Insurance	98	+1	—	—	—	—
§125	F.P.	19/6	200	155	‡Sharp & Law 10p	192	......	u3.0	2.4	2.1	26.3
§92	F.P.	24/6	100	93	‡Shoraiplan 5p	93	......	u1.6	3.6	2.3	16.3
¶¶	F.P.	—	162	135	Smith Doctus 5p	140	......	0.25	—	0.24	—
§20	F.P.	17/7	49	31	‡Stanco Exhibition 5p	49	......	0.292	4.0	0.8	41.6
145	F.P.	17/7	195	147	Tie Rack 5p	147	−3	R1.1	4.2	1.0	31.9
§125	F.P.	6/4	167	158	‡MCL Group 5p	163	+2	u2.51	2.8	2.1	23.0
§130	F.P.	—	193	175	Warner Howard 5p	193	......	R2.66	2.70	1.9	25.6
135	F.P.	4/9	192	160	Whittler(Barry)Intl.5p	192	+14	R4.0	2.9	2.8	13.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
‖	Nil	24/7	11pm	5pm	Anglo Utd. Cnv. Red. Prf.	6pm	+1
100	F.P.	—	113p	109p	Asda Prop. 5¼% Cnv. Cum. Red Prf. 2012	113p	......
‖	Nil	24/7	42pm	27pm	Dencora 6¾% Cum. Cnv. Red. Pf.	41pm	−1
‖	Nil	7/8	12pm	4pm	Elliott (B) 7% Cnv.Cum.Red Prf.	12pm	......
§100	£10	10/9	7½	7	Essex Water 9¾% Red. Deb. '97-99	7	......
§	£50	11/9	50¼	47⅞	Govett Strategic Inv Tst 9¾% Deb 2017	47⅞	−⅛
§100	£10	10/9	7½	7	Mid Kent Water 9¾% Red. Deb. '97-99	7	......
—	F.P.	—	100⅛	99⅞	Nationwide 8⅞ pc Bds 20/6/88	100	......
‖	F.P.	29/7	145p	120p	Noble & Lund 6pc CnvCumRedPrf(£1)	143p	−2
—	£25	11/11	25½	25	North Housing Assoc. 8¾% Gtd.ln.2037	24⅞	......
—	F.P.	7/7	298p	240p	Do. Zero Cpn. Ln. 2027	295p	......
—	F.P.	—	210p	160p	P&O Subs. Warrts. 1988-92 (Ann. Wrrts)	185p	−2
§95.221	£25	2/10	26	21⅞	Peachey Property 9½% 1st Mt.Deb.2015	21⅞	+⅛
—	£40	12/8	42	38⅞	Peel 9⅞pc 1st Mt. Deb. 2011	38⅞	......
§—	F.P.	29/7	106½p	101p	Prowting 8.3% Cum. Red. Prf 2002 (£1)	103p	+1
§—	F.P.	—	179p	172p	Do. 13¾% Cum. Prf. (£1)	179p	+1
¶¶	F.P.	—	120p	106p	Spong Cnv. Cum. Red. Prf. (20p)	120p	+1
—	F.P.	—	122p	110p	Unigroup 7½% Cum. Cnv. Red Prf.	122p	......

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+or −
375	Nil	—	111pm	78pm	‡Anglia Secure Homes	108pm	−3
425	Nil	26/8	42pm	17pm	Argyll Group	41pm	−1
13	Nil	4/8	19½pm	10pm	Blacks Leisure 2½p	19½pm	+1½
265	Nil	—	59pm	41pm	BPCC	59pm	......
195	Nil	—	46pm	35pm	Canary 10p	42pm	+3
35	Nil	14/8	23pm	19pm	Dares Estates 5p	23pm	......
170	Nil	7/8	73pm	70pm	Kennedy Smale	70pm	......
—	Nil	7/8	228pm	130pm	Merlin Intl. Props. Parcels	210pm	−10
¶¶	Nil	14/8	15pm	4pm	Munton Bros. Pfd. 20p	9½pm	+½
75	Nil	—	14pm	10pm	Pacombe 10p	14pm	......
95	Nil	—	8pm	3pm	Plantation Trust	8pm	+5
310	Nil	21/8	62pm	27pm	Ratners 10p	27pm	−29
400	Nil	10/8	180pm	165pm	Tranwood Units†	180pm	+4
300	Nil	—	115pm	110pm	Western Motor	113pm	......
—	Nil	7/8	43pm	38pm	Westwood Dawes 12½p	38pm	......
190	Nil	26/8	43pm	41pm	Whittington	43pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures r Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." § Introduction. ** Issued by way of capitalisation. ‡ Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. [illegible] Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market † 10 Tranwood Rights & 3 Wrrts. to sub for 1 new Tranwood @ 40.

ISSUE NEWS

Monarch Resources raising cash for Venezuelan gold projects

BY STEFAN WAGSTYL, MINING CORRESPONDENT

Monarch Resources is next week to become one of the few gold mining companies in recent years to be listed on the Stock Exchange.

The company, which will have an initial market capitalisation of about £30m, is raising money for projects in Venezuela. It is coming to the market by means of a private placing on Thursday by stockbroker Jacobson Townsley.

Monarch is incorporated in Bermuda and managed from Caracas, the Venzuelan capital. It was set up last year by a group of private investors, which has injected interests previously held in Mineral Reclamation Technology, a Panamanian company.

Led by Mr Adrian Nash, a 42-year-old mining finance executive who is Monarch's executive director, the investors saw the potential in El Callao, the only underground gold mine in Venezuela.

El Callao, developed by the Government during the 1980s, had run into difficulties and the Venezuelan authorities approached various mining companies for help in improving the technical operation.

Mr Nash says Monarch won the confidence of the Venezuelans in the face of competition from various international mining companies because it did not insist on dominating its local partners.

Monarch secured a contract to manage the El Callao mine, plus a 49 per cent stake in tailings (old waste dumps) in nearby Mocupia Gorge, a 49 per cent stake in an exploration venture in areas around El Callao and a 51 per cent interest in an exploration venture at La Camorra, a district some 70 miles south of El Callao.

Monarch's main asset is the tailings in Mocupia Gorge which are estimated to contain proven reserves of 199,244 oz of gold. With the help of the money raised in next week's flotation, Monarch intends to build a $2.5m treatment plant with a capacity of 25,000 tonnes of ore per month. The project will have a life of 15 years.

Caradon closes first day at premium of 34%

BY RICHARD TOMKINS

SHARES in Caradon, the building products company which makes Twyford bathroom fittings and Mira showers, closed at a 34 per cent premium at the end of first-day dealings on the stock market yesterday.

S. G. Warburg, the merchant bank, had offered 13.45m shares, representing 25 per cent of the equity, at 250p each. The shares opened at 327p and rose to a peak of 343p before easing back to close the day at 334p.

The opening price was buoyed by the heavy demand for the shares in the offer for sale, which was subscribed 39 times, and by the strength of the London market yesterday. The scope for profit-taking on the issue was, however, limited by the small allocations of shares resulting from the over-subscription.

Mr Peter Jansen, Caradon's managing director, said he was pleased by the size of the premium and had no complaints about the pricing of the issue.

"We had no reason to be greedy because none of us were selling any shares in the flotation," he said. "The increase in the price gives us a good springboard to move forward."

● Shares in Lancaster, the car dealer specialising in up-market vehicles, also opened at a strong premium yesterday. Placed by Robert Fleming and Cazenove at 165p, they closed 37 per cent higher at 226p.

Ossory Estates £13m acquisition and rights

By Steven Butler

Ossory Estates, the retail property developer formerly known as Stewart Nairn, yesterday announced a £13.45m property acquisition, along with a rights issue aimed at raising £14m.

The rights issue is the second this year for Ossory, which returned to profitability in the six months to December 1986, with pre-tax figures of £168,000.

Ossory is to purchase a portfolio of 29 properties, mainly freehold, from an unnamed insurance group. The properties are fully let, with annual rents amounting to £900,000 before tax.

Ossory will issue 29.45m shares to the vendors of the property, with the shares being placed at 45.5p each. Expenses associated with the acquisition are to be met by the issue of 1.32m shares, aimed at raising £600,000.

Some 23.91m of the new shares will be made available to existing shareholders on a one-for-seven basis. Vendors of the property have the option to subscribe to 1m new shares at 45.5p each over the next two years.

Parkway joining USM in £2m placing

BY DAVID WALLER

Parkway Group, a London-based company which provides a range of pre-production services for advertising agencies, is to join the USM by way of a placing.

The company will raise £2m net of expenses after Hoare Govett has placed 2m new shares at 110p. Existing shareholders are selling 1.8m shares for a net £1.98m. After this 21 per cent expansion of its equity, Parkway will have a market capitalisation of £12.76m.

Parkway has grown rapidly since it was founded in 1983, with an average annual growth rate in both profit and turnover of more than 80 per cent.

In its first year's trading, it made pre-tax profits of £206,000 on turnover of £1.49m. This compares with the £1.1m forecast for the year to September 30 and £484,000 on turnover of £3.52m last year.

The group has five principal trading activities: photography, colour laboratory facilities, a black and white studio, typesetting and reprographic services. The services are used by more than half the UK's top twenty advertising agencies. Some 40 per cent of turnover derives from three major shareholders with which Parkway maintains an arms' length relationship.

Mr John McKimmie, chairman and chief executive, said that the proceeds would be used to reduce borrowings and finance technological development.

Dealings in the shares are to begin on July 9.

SEP valued at £7.6m

BY DAVID WALLER

SEP Industrial Holdings is to graduate from the over the counter market to the USM with a placing of 2m new shares at 35p, giving the company a market capitalisation of £7.64m.

Mr Paul Formby, chairman, said that the company would benefit from the USM quote and would be in an ideal position to expand by acquisition and organic growth.

Founded in 1982, SEP manufactures and distributes industrial fasteners and components. Hitherto, it has concentrated on UK markets for these products, but intends to expand overseas.

The company has recently entered into a preliminary agreement to set up a distribution company in the US to market its range of fastener.

SEP has grown rapidly, from turnover of £626,000 and pre-tax profits of £38,000 in 1982-83, to profits of £470,000 on £8.79m turnover in the year to September 30 1986.

It has made six acquisitions, for a total of some £1.88m. Most of these were incurring losses when acquired and subsequently turned round. At the beginning of last month, SEP bought a 50 per cent stake in Rankins, the London glass stockist, for shares which valued the stake at £800,000.

APPOINTMENTS

Reorganisation at Edinburgh Financial Trust

Following his appointment as Minister of State at The Scottish Office, the non-executive chairman of EDINBURGH FINANCIAL TRUST, Lord Sanderson of Bowden, has resigned from the board. Mr H. N. A. aBrry and Mr H. M. Gossart, executive directors, have respectively been appointed executive deputy chairman and managing director. Mr D. H. Williams, chief executive of the fund management division, Glasgow Investment Managers, and Mr J. E. Black, chief executive of the asset finance division, Edinburgh Financial Trust Finance, have been appointed directors of Edinburgh Financial Trust. Mr A. S. Reid, an executive director of MIM has been appointed a non-executive director of Edinburgh Financial Trust. Mr A. R. Macmillan, the former chief executive of Clydesdale Bank has also been appointed a non-executive director. Mr J. Taylor and Mr J. R. S. Bell have resigned as non-executive directors. It is intended that a non-executive chairman will be appointed, but in the interim Mr Barry will chair the company.

★

Mr Hugh C. Gemmell is appointed a deputy chairman of SEDGWICK U.K.

★

Mr R. M. Entwistle and the Earl Howe have been appointed to the board of ADAM & COMPANY. Mr Entwistle continues as general manager in Edinburgh. Lord Howe, who was formerly a senior manager with Barclays Bank, is head of banking in the London office. Mr A. M. Hedderwick is joining the board of Adam & Company Investment Management.

★

Mr Derek Baker has been appointed a director of GREENWELL MONTAGU STOCKBROKERS, the private client stockbroking and agency business within the UK banking sector of Midland Bank Group. He was previously a senior manager in the bank's global banking sector.

★

Mr Tim Sargeant has joined the board of POLITICS INTERNATIONAL and has been appointed deputy managing director.

★

BRADSTOCK, BLUNT AND CRAWLEY has appointed Mr Nigel E. Collins a director and Mrs Marion O'Neill an associate director. Bradstock, Blunt and Thompson has deleted Mr Peter R. Horsman a director and Mr John Pavitt an associate director. Bradstock, Blunt and Thompson (L&P) has made Mr James Scanlon a director. Bradstock, Blunt (Plastics) has appointed Mr Stephen W. Calcroft a director. All the above companies are subsidiaries of the Bradstock Group.

★

THE INSOLVENCY PRACTITIONERS ASSOCIATION has appointed Mr Gerry Weiss as technical director. With over 30 years' experience in insolvency as a partner at Cork Gully, Mr Weiss will take both a reactive and proactive role in advising members on all technical matters, especially where uncertainty may arise out of the new legislation.

Mr Peter Kirkham, deputy general manager (administration) of the Co-operative Insurance Society.

Mr Peter Kirkham has been appointed deputy genearl manager (administration) of the CO-OPERATIVE INSURANCE SOCIETY. He was previously manager of the personnel and management services department.

★

Mr Patrick J. Scannell and Mr Christopher Johnson-Ferguson have been appointed business director and sales director respectively of RUGBY CEMENT, the UK cement division of The Rugby Group.

★

FIDELITY INTERNATIONAL GROUP has appointed Mr Graham Nutter as managing director, international investments. In this newly-created post he will be responsible for investment of all Fidelity International's unitised investment portfolios handled by its international offices. Prior to joining Fidelity, Mr Nutter was a managing director of J. P. Morgan Investment Management in London.

★

CARLESS, CAPEL & LEONARD has appointed Mr Robert Berteau president of its US operations. He will become president of Carless Resources Inc. on July 6. Over 18 years' experience in the oil industry with Union Oil of California, Mesa Petroleum, Damson Oil Corp., and J. C. Templeton Energy Inc.

★

Mr John Butterwick and Mr Brian Walsh have been appointed directors of DUNCAN LAWRIE and Mr S. Mattews and Mr D. S. Penfound have resigned. Mr Butterwick is a director of London Merchant Securities and Mr Walsh is a partner in Swepstone Walsh and Son. Mr Peter Field has been appointed a senior manager. He was previously an assistant director with Grindlays Bank.

★

The DECLAN KELLY GROUP has appointed Mr John Horrocks as financial controller. He was previously group finance manager with United Glass Holdings.

★

Mrs Sara Morrison has been appointed to the board of ABBEY NATIONAL BUILDING SOCIETY.

★

MORGAN GUARANTY COMPANY has named Mr Edwin J. Perry, Vice President, as General Manager of the bank's office in St. Helier, Jersey. He succeeds Mr William A. Noble, who is retiring.

NORTH STAR COMPUTERS has appointed Mr David Butcher as international sales and marketing director.

★

CHLORIDE GROUP has appointed Mr Ian Barr group personnel director. Mr Barr was a director of management consultants, Berry Wilson Associates.

★

BRITISH AEROSPACE has appointed Mr P. W. Wilkinson a non-executive director. He will also relinquish on that date has appointment as group chief executive, National Wesminster Bank and become deputy chairman of the bank.

★

TEXTILE MARKET STUDIES (TMS) has appointed two directors: Mr Martin Minett becomes technical service director and Mr Geoff Nicholson retail service director.

★

PHILIPS TELECOMMUNICATION & DATA SYSTEMS has appointed Mr Stuart Hallam as account director, British Telecom division.

★

JOHN MOWLEM & COMPANY has made Mr James Ward its company secretary. Over the past four years he has held senior financial positions in the technology and property development division of the Mowlem group.

★

Mr David Cooper has been elected to serve as chairman of the FEDERATION OF SMALL MINES OF GREAT BRITAIN. He is managing director of the Floyd coal division and director of Floyd Oil Participations.

★

Mr David Swallow will be joining the MOTOR INDUSTRY RESEARCH ASSOCIATION in mid-August as a director. He comes from A. E. Hepworth & Grandage, where he was director of product engineering.

★

With the departure of Mr John Vaughan as Director of Finance and Administration in July, the AUDIT COMMISSION has appointed Mr Bill Butler to the ne wposition of Secretary to the Commission.

Sir George Moseley has been appointed Chairman of the CEMENT AND CONCRETE ASSOCIATION, following the retirement of Dr Gordon Marshall. Sir George, a former Permanent Secretary of the Department of the Environment, also continues as Chairman of the Cement Makers' Federation.

TRINITY INTERNATIONAL HOLDINGS has made the following promotions: Mr Leo Coligan, Deputy Managing Director of The Liverpool Daily Post and Echo, to Corporate Development Manager of the Holding Company. Mr Ken Edwards, Production Director of The Liverpool Daily Post and Echo, becomes an Assistant Managing Director of that subsidiary company.

Mr A. Mackay has joined the board of GREIG FESTER as a director.

★

KENYON SECURITIES: Mr Dennis Shearman has been appointed managing director. He has been with the group since 1952 and has been a director since 1976

Mr Bruce Bossom, executive director of Phoenix Properties and Finance.

PHOENIX PROPERTIES AND FINANCE has appointed Mr Bruce Bossom an executive director. He was a partner at Jones Lang Wootton.

★

Mr B. C. Robertsen and Mr S. J. Selleck will join the partnership of CITY DEPOSIT BROKERS. Mr Robertson is head of interbank deposits and Mr Selleck is head of local authority finance.

★

Mr Ralph N. Quartano, chief executive of Postel Investment Management, has been appointed a non-executive director of BUPA and appointed to the board of governors. He is a director of Britoil and 3i, and is a deputy chairman of the Securities and Investments Board.

NEC earnings slide by 44.7%

BY YOKO SHIBATA IN TOKYO

NEC, THE Japanese electronics and communications equipment maker, suffered a 44.7 per cent fall in consolidated net profits to Y15.03bn ($102m) in the year to March. Earnings per share were down from Y19.60 to Y10.68, and ten of the group's 48 consolidated subsidiaries incurred losses in the year.

The yen's appreciation against the dollar reduced export profitability, raising the overall cost-of-sales ratio by 1.8 percentage points to 69.4 per cent.

Group sales increased 4.9 per cent to Y2,449.7bn, but the overseas element dropped 10.3 per cent to Y695.3bn.

Sales of computers and other electronic goods rose 18.3 per cent, while those of domestic electrical appliances gained 10.2 per cent. However, communications equipment sales fell 6.3 per cent and those of electronic devices also declined.

For the curren tfiscal year, NEC expects consolidated net profits of Y25bn, on turnover of Y2,700bn, foreseeing brisk sales of computers. Its projections are based on an average exchange rate of Y140 to the dollar for the year.

● Victor Company of Japan (JVC), the consumer electronics group, shows consolidated net earnings down 40 per cent for the year to March 20 to Y6.53bn, from Y10.892bn a year earlier, AP-DJ reports from Tokyo.

Net profit per share tumbled to Y27.75 from Y47.12. Sales were up, however, by 0.9 per cent to Y706.56bn from Y700.16bn.

JVC executives said the sustained strength of the yen had hurt the company's performance, especially in the US.

The net decline resulted also from growing competition in the video tape ercorder (VTR) market, which forced JVC to cut prices.

The slight growth in sales during the fiscal year followed an 8.5 per cent fall in the previous fiscal year. The company traced the rise to cost-cutting efforts, including greater procurement of components from overseas and restructuring of production processes.

During the fiscal year, VCR sales slipped by 1 per cent from the previous year to Y434.55bn, while sales of television sets fell 7 per cent to Y80.54bn.

On the other hand, sales of records and music tapes rose 19 per cent to Y40.46bn. Those of audio products showed no growth, totalling Y113.73bn.

Exports came to Y389.88bn, 55 per cent of overall sales and down 11 per cent from the preceding year.

Wolters Samsom to sweeten bid for Kluwer

BY LAURA RAUN IN AMSTERDAM

WOLTERS SAMSOM, the Dutch publishing company, said yesterday that it would sweeten its friendly takeover bid for Kluwer, its larger rival, in an effort to top a competing, hostile offer from publisher Elsevier.

The details of the official tender offer will be unveiled next Thursday but Wolters Samsom moved quickly yesterday to promise a better deal than Elsevier, which launched its bid on Thursday.

It is widely believed that Wolters Samsom will top up with cash its earlier offer of three common shares for one Kluwer share in order to better Elsevier's bid of Fl 399 per share. Kluwer's shares closed at this price on Thursday, valuing the company at Fl 1bn excluding preferred shares.

Earlier in the day there had been speculation that Elsevier, the biggest of the three publishers, would announce a bid for both Kluwer and Wolters Samsom since its tender offer prospectus describes the offer as one for both companies.

Some rumours also suggested that an even larger, foreign raider was contemplating a bid for one or more of the Dutch publishers. Speculation was fuelled by the suspension of share trading in all three companies.

In the end, however, Wolters Samsom only promised that its offer would be more attractive than Elsevier's and assured its own shareholders that the bid would not hurt per share earnings. Wolters Samsom's public tender offer is expected to run until the same day that Elsevier's expires, on August 3.

Wolters Samsom already owns 29 per cent of Kluwer through its holding of 2m preferred shares issued by Kluwer to fend off Elsevier and can easily count on another 36 per cent in preferred shares lodged in a foundation friendly to Kluwer.

Elsevier owns about 24 per cent of Kluwer's common stock, which is 9 per cent of total share capital outstanding, and is expected to launch a legal battle against Kluwer's protective defences once the bid is over.

The fiery take-over battle that has engulfed the publishing industry is now considered to be a fight between institutional investors because most small, individual shareholders are believed to have sold and taken their profits.

French finance institute to be sold in buy-out

By George Graham in Paris

INSTITUT de Developpement Industriel, the French state-owned industrial financing institution, is to be sold to its employees and a consortium of investment bankers.

IDI, is active in the provision of risk and development capital and in financing the transfer of family-owned companies. It will in future be controlled by a financial holding company grouping its employees with Marceau Investissement, the Rothschild group, Generale Occidentale, UAP, Euris and Electricite de France.

The announcement marks the return in force of Mr Georges Pebereau, former president of Compagnie Generale d'Electricite, who is represented both through Marceau, his investment fund, and through Martel, his management company which will work closely with IDI.

The takeover is expected to allow IDI to increase its level of annual investment from FFr 200m-FFr 300m ($33m-$49m) a year at present to between FFr 400m and FFr 500m in years to come. A stock market flotation is planned within three years.

The new consortium will control 92 per cent of IDI, with the remaining 8 per cent mainly held by Credit National, the state financial institution which was also a candidate for acquiring IDI.

Lufthansa share sale attacked

BY ANDREW FISHER IN FRANKFURT

THE WEST German Government plans to sell 5 per cent of the shares in Luthansa, the national airline, to Bavarian banks in a move which has drawn criticism from the junior partner in the ruling coalition.

Most of the shares will be bought by Bayerische Landesbank Girozentrale, half-owned by the state of Bavaria and half by Bavaria's savings banks association. But about a quarter of the stock being sold will go to Bayerische Landesanstalt fur Aufbaufinanzierung, a state-owned credit institute.

The sale will produce around DM 160m ($87m) at the current share price. It will be achieved by the Government not taking up its full entitlement of new shares under the proposed capital increase.

The planned sale was criticised by Mr Wolfgang Weng, deputy chairman of the Free Democrats (FDP) parliamentary group on the grounds that it hindered the full privatisation of Lufthansa.

He noted that the Government's desire to privatise the airline, in which it holds a direct 74.3 per cent stake, had previously been blocked by Mr Franz Josef Strauss, the Bavarian state prime minister.

The sale of shares to a bank under state influence was the opposite of privatisation, he added.

The FDP, junior partner to the Christian Democrats (CDU) in the coalition government, supports the sale of certain state holdings ,as well as more energetic attempts to reduce subsidies and taxation, as a means of stimulating business.

The Government had already said it intended to cut its stake in Lufthansa when the DM 300m ($164m) share issue is made. With holdings by other state-owned institutions, this amounts to 80 per cent and will now fall to 75 per cent. The state of North-Rhine Westphalia owns 2.25 per cent and private shareholders—mainly institutions—nearly 28 per cent.

Lufthansa, which recently bought a 10 per cent stake in Hapag-Lloyd, the shipping, air, and travel group, turned in flat net profits of DM 64.4m (DM63m) last year, though operating losses were DM67m against 1985 profits of DM152m, because ofthe dollar's slide.

Record profits at Thai Airways

BY PETER UNGPHAKORN IN BANGKOK

THAI AIRWAYS International has achieved record profits of 1.72bn baht ($67.3m) in the first half of the year starting last October, buoyed partly by Thailand's thriving tourist industry.

The state-owned airline attributed its performance to aggressive promotion of the 1987 Visit Thailand Year, productivity improvements and currency gains. Revenue rose 17.9 per cent to 13.7bn baht, with spending up 13.5 per cent.

Passenger boardings were up 14.7 per cent against seat capacity expansion of 7.8 per cent, while average cabin factor rose to 69.1 per cent from last year's 64.9 per cent.

The company says it has gained from vigorous efforts to stabilise pricing in world markets and active promotion of first- and business-class sales.

The airilne is one of Thailand's few profitable state enterprises. Over the past few months its executives have issued conflicting statements about privatisation, but most observers believe any moves in that direction are remote, not least because retiring air force officers would be deprived of directorships.

A more likely outcome appears to be a merger with Thai Airways Company, the domestic airline, which is Thai International's largest shareholder but is less profitable.

Thai International says its expects good second-half performance. April-to-June passenger and mail figures are said to be ahead of target, while cargo, although up on last year, is slightly off target.

The airline has already embarked on plans fcr the longer-term future. It signed a conditional purchase agreement on June 17 at the Paris Air Show with McDonnell Douglas for four new-generation, long-haul MD-11 jets and options on another four. The agreement needs the endorsement of the Thai Cabinet, but approval is likely.

Thai International also recently signed less binding memoranda of understanding for two new generation long-haul Boeing 747-400s and about four medium-haul Airbus A-330s.

Executives say the company decided to sign with McDonnell Douglas because specifications were complete and the airline could have forfeited launch customer price concessions if it had waited for the rival Airbus A-340.

At present it has six Boeing 747s. Soon these are to be joined by two 747-300s, and two extended range DC-10s to replace two older aircraft. It also has 19 Airbus A-300s.

Following recent agreements, the airline will launch services to Auckland in December, and Toronto in April.

Valmet acquires 70% of Rotomec

By John Wyles in Rome

VALMET, the Finnish paper machinery group, has agreed to buy 70 per cent of Rotomec, a leading Italian printing machinery and paper manufacturer.

The holding will be acquired from Finanziaria Poletti e Osta, a family holding company which will be left with an 18 per cent stake and the possibility—through purchases—of raising it to 30 per cent.

Rotomec's turnover is expected to be colse to L60bn ($45m) this year with exports providing about half.

Valmet is said to be interested in the development potential of Rotomec and its 3 plants employing 400 people in the Piedmont region. Rotomec's speciality is the production of coated papers. It said yesterday that Valmet was expected to set up a pilot plant in Italy for further developing coated papers technology.

Heavy first day trading in Cavendish

BY DAVID DODWELL IN HONG KONG

SHARES IN Cavendish International Holdings, the Hong Kong group controlled by Mr Li Kashing that has been hived off from Hongkong Electric Holdings, were traded for the first time yesterday on the Hong Kong stock exchange.

Shares trade in the range of HK$5.55 to HK$6.40 and closed at HK$5.55. A total of 73.96m Cavendish shares were traded, accounting for about one-fifth of the day's HK$1.65bn stock market turnover.

Controversy surrounded the plan to hive off from Honkong Electric, the group's non-electricity interests when it was first unveiled in March. A number of institutional investors complained that it offered few benefits to outside investors while proving highly beneficial to Hutchison Whampoa, through which Mr Li used to control Hongkong Electric with a 23 per cent holding.

Following the demerger, Cavendish is 52.7 per cent owned by Hutchison Whampoa. Among Cavendish's main assets is a 50 per cent interest in Union Faith Canada, which holds 43 per cent of Husky Oil, the Canadian oil and gas company.

Other Cavendish assets include the 23.3 per cent of Hongkong Electric that used to be held by Htuchison Whampoa, 100 pe rcent of the Hong Kong Hilton hotel, and a veriety of property interests.

Cavendish ranks among the largest companies listed on the Stock Exchange of Hong Kong and is capitalised at HK$13.2bn (US$1.69bn), based on yesterday's closing price. The group has forecast a 1987 profit of HK$569m.

An extraordinary gain of about HK$53m will also be recorded. This represents Cavendish's 50 per cent share of the gain on the sale, by Union Faith, of its 4.9 per cent interest in Pearson, the diversified UK group whose interests include the Financial Times, in April 1987.

Elkem and Kvaerner agree on a peace pact

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

ELKEM AND KVAERNER, two of the most prestigious names in Norwegian industry, yesterday announced a cross-ownership pact aimed at bringing an end to one of the bitterest corporate battles seen in Norway.

Elkem, the Norwegian metals group, has agreed to lower its stake in Kvaerner, the leading Norwegian engineering concern, to around 20 per cent.

At the same time Kvaerner is to take a 10 per cent stake in Elkem through a directed issue of new shares worth some NKr 142.8m ($21.3m).

In a joint statement the two companies said that they had reached a "common understanding" which could lead to a "positive industrial development in areas of common interest."

At its peak, the battle between the two companies, which has shaken Norwegian financial markets, brought Kvaerner to the brink of expulsion from the Oslo stock exchange for limiting the voting power of key shareholder groups.

The company's action was condemned by the Oslo stock exchange authorities, and it lost an appeal to the Ministry of Trade. Yesterday's pact now removes the threat of expulsion from the bourse.

Elkem originally bought a 27 per cent stake in Kvaerner in August last year for around NKr 575m, and said it was seeking co-operation in engineering, materials technology and the development of different energy sources.

The approach from the loss-making ferro-alloys and aluminium group was shunned by Kvaerner, however, which said it saw little mutual advantage from such co-operation.

At an extraordinary shareholders meeting in December, Elkem and two other big shareholders, Bergesen, the shipping group and Vesta, the insurance concern, tried in vain to oust the Kvaerner board.

The two groups were believed together to control more than 60 per cent of the Kvaerner equity, though the ultimate ownership of two blocks of Kvaerner shares held at the time in West Germany and Switzerland was never clarified.

Elkem had built up its stake in Kvaerner to 34.8 per cent, but the action had placed a growing strain on its finances. It said yesterday that it had cut its holding to 20.5 per cent.

It sold the Kvaerner shares at NKr 220 per share, close to yesterday's market price. Kvaerner is to pay NKr 120 per share for the 1.19m Elkem shares in the planned directed issue, a premium of some 17 per cent over the market price.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium					
Free Market c.i.f.	$1590/615	+47.5	$1220/240	$1620/1640	$1205/1225
Antimony					
Free Market 99.6%	$2250/2300	—50	$2400/2500	$2400/2500	$2250/2300
Copper-Cash Grade A	£1043	+50	£912.5	£1045	£970.25
3 months Grade A	£1024.75	+43.75	£909.5	£1024.75	£949.5
Gold per oz	$448.9	+4.9	$344	$475	$390.25
Lead Cash	£435	+42.25	£260.5	£445	£298.75
3 months	£417.5	+42.25	£261.5	£417.5	£290.75
Nickel					
Free market	216/221c	+2	176/196c	214/234c	158/177c
Palladium	$141.00	+4	$111.75	$161.00	$117.15
Platinium per oz	$557.50	+6	$425.95	$646.50	$476.75
Quicksilver (76lbs)	$235/245	—5	$195/205	$270/280	$180/190
Silver per oz	448.90p	+27.60	325.90p	653.60p	344.40p
3 months per oz	459.40p	+28.60	334.55p	668.20p	352.70p
Tin					
Free market	£4,155/180	—5	£3600/650	£4,510/540	£4,055/105
Tungsten Ind	$58.15	—	$54.42	$58.15	$41.44
Wolfram (22.04 lbs)	$48/55	—	$42/50	$50/55	$32/42
Zinc cash	£531.5	+1	£526.5	£567	£446.5
3 months	£515	—0.25	£527.25	£550.5	£448
Producers	$860	—	$940	$870	$770/790
GRAINS					
Barley Futures Sept.	£99.50	—0.70	£98.75	£118.55	£98.30
Maize French	£155.00	—	£155.00	£155.00	£149.00
WHEAT Futures Sept.	£99.00	+0.25	£99.25	£125.60	£98.75
SPICES					
Cloves	$3350	—50	$4500	$3,800	$3,200
Pepper white	$4950	—450	$5350	$5,400	$4,900
black	$4600	—100	$4000	$4,900	$4,200
OILS					
Coconut (Philippines)	$500x	—	$245	$550	$280
Palm Malayan	335v	—	‡	$390	$300
SEEDS					
Copra (Philippines)	$320y	—	$160	$320	$220
Soyabeans (U.S.)	$153.5z	—	$161	$162.5	$153.5
OTHER COMMODITIES					
Cocoa Futures Sept.	£1326.5	+11.0	£1292.5	£1,439.5	£1,219.5
Coffee Futures Sept.	£1262	+4.5	£1643	£1555.5	£1,244
Cotton Outlook A Index	81.45c	—1.75	38.80c	82.25c	62.65c
Gas Oil Fut. Aug	$161.75	+4.25	$97	$168	$125.5
Jute LJA BWC grade	$390	+10	$245	$390	$280
Rubber kilo	69.75p	+4.75	55p	69.75p	60p
Sisal No. 3L	$610	—	$620	$610	$610
Sugar (Raw)	$171.8x	—0.4	144.6p	$204	$139.5
Tea (quality) kilo	155p	+7	$190	180p	140p
(low med) kilo	50p	—	92p	111p	80p
Wooltops 64s Super	477p kilo	+5	403p kilo	485p kilo	418p kilo

‡ Unquoted. (v) July. (z) June/July. (x) July/Aug. (y) Aug. (w) Sept/Oct.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1576-80	+5.5	—

Official closing (am): Cash —— (——), three months 1,578-83 (1,580-5), settlement —— (——). Final Kerb close: 1,576-80. Ring Turnover: —— tonnes.

99.5% purity	£ per tonne		
Cash	957-8	+12.5	957/954
3 months	920-1	+7	922/917

Official closing (am): Cash 954-5 (952-3), three months 918-9 (919.5-20), settlement 956 (953). Final Kerb close: 921-2. Ring Turnover: 5,500 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	1042-4	+3.6	1054/1040
3 months	1024.5-25	+5.5	1035/1119

Official closing (am): Cash 1,039-40 (1,047.5-8.5), three months 1,025-6 (1,024.5-5), settlement 1,040 (1,048.5). Final Kerb close: 1,029-30.

Standard			
Cash	1035-7	+6	—
3 months	1015-7	+9	—

Official closing (am): Cash 1,035-7 (1,035-40), three months 1,025-6 (1,008-14), settlement 1,037 (1,040). US Producer prices: 75.5-80 cents a pound. Total Ring Turnover: 43,950 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	434-6	+29.5	436/432
3 months	417-8	+31	419/386

Official closing (am): Cash 432-2.5 (413-4), three months 411-12 (392-2.5), settlement 432.5 (414). Final Kerb close: 418-9. Ring Turnover: 12,200 tonnes. US Spot: 38-40 cents a pound.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or —	High/Low
Cash	2774-5	+34.5	2780/2770
3 months	2800-5	+22.5	2818/2798

Official closing (am): Cash 2,773-5 (2,730-5), three months 2,805-15 (2,774-5), settlement 2,775 (2,735). Final Kerb close: 2,800-5. Ring Turnover: 1,476 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	531-2	+7	531/527
3 months	515-6	+9	519/508

Official closing (am): Cash 527-8 (526-7), three months 510.5-11.5 (508.5-9), settlement 528 (527). Final Kerb close: 514.5-5.5. Ring Turnover: 9,500 tonnes. US Prime Western: 47.5-48.5 cents a pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
		July	Sept.	July	Sept.
Aluminium 99.5%	1,475	—	—	7½	36
	1,500	47	44½	15½	48
	1,525	31	33½	—	—
Copper (Grade A)	1,650	—	54½	14½	52
	1,675	34½	44	24½	66
	1,700	28	34½	—	—
Copper (Grade A)	£/tonne 1,000	—	—	2½	16½
	1,025	29	33	7	26½
	1,050	15	21½	17	—

Estimates.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.48 (same) ringgit per kg.

SILVER

Silver was fixed 6.9p an ounce lower for spot delivery in the London bullion market yesterday at 448.9p. US cents equivalents of the fixing levels were: spot 724.1c, down 13.9c; three-month 736.85c, down 14.35c; six-month 749.65c, down 14.75c; and 12-month 777.45c, down 14.95c. The metal opened at 452-454p (730-733c) and closed at 450-452p (724-727c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoff'ic'l	+ or —
Spot	448.90p	—6.90	729c	—8.8
3 months	459.40p	—7.85	735c	—16.9
6 months	469.50p	—7.10	—	—
12 months	490.60p	—6.90	—	—

LME—Turnover: 1 (4) lots of 10,000 ounces.

Three months high/low: 733c. Final kerb close: 732-4c.

GOLD

GOLD BULLION (fine ounce)	July 3	
Close	$444-444½	(£275¾-276¼)
Opening	$444¼-444¾	(£275-275½)
M'n'g fix	$443.00	(£274.52)
Aft'n'n fix	$444.10	(£275.753)
Day's high	$444¼-444¾	—
Day's low	$442¾-443¼	—

GOLD AND PLATINUM COINS		
Am Eagle	$457-462	(£283¾-287)
Mapleleaf	$456-459	(£283¼-285)
Kr'g'r'nd	$443-446	(£275¼-277)
½ Krug	$233-234	(£144¼-145¼)
¼ Krug	$116¾-117¾	(£72½-73¼)
Angel	$453½-456½	(£281¾-283½)
1/10 Angel	$43¾-48¾	(£27¼-30¼)
New Sov.	$104½-105½	(£65-65½)
Old Sov.	$104½-106	(£65-65¾)
Noble Plat	$571-581	(£354¾-360¾)

INDICES

REUTERS

July 2	July 1	M'th ago	Yearago
1638.4	1631.4	—	—

(Base: September 18 1931=100)

DOW JONES

Dow Jones	July 2	July 1	M'th ago	Year ago
Spot	128.49	127.04	—	124.85
Fut	126.08	125.46	—	112.57

(Base: December 31 1974=100)

COFFEE

London robusta continued to work sideways in its recent range, reports Drexel Burnham Lambert. With no new factors in the market and New York being closed for the July 4 weekend, trading was dull and quiet. Scale-down price fixation was sufficient to support the market in thin conditions. Late short covering closed the market either side of unchanged.

COFFEE	Yesterday close	+ or —	Business done
July	1322-1327	+1.0	1327-1313
Sept.	1261-1265	—0.5	1263-1252
Nov.	1286-1290	+2.0	1288-1280
Jan	1308-1315	+2.0	1308-1303
Mar.	1325-1355	—2.0	1329-1325
May	1345-1355	—0.5	1350-1340
July	1360-1390	—	—

Sales: 1,394 (1,619) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for July 2: Comp. daily 1979 97.89 (98.29); 15-day average 96.85 (99.34).

COCOA

Fully steady on the opening call, futures eased on belated trade hedging and closed unchanged on the day. Current values failed to attract producers and although consumers were price checking they also declined physical cocoa today, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	1345-1355	+1.5	1360-1353
Sept.	1326-1327	+1.0	1335-1326
Dec.	1351-1352	+2.0	1359-1348
March	1356-1387	—	1374-1366
May	1382-1385	+0.5	1388-1382
July	1398-1399	—1.5	1409-1398
Sept.	1413-1414	—5.0	1418-1415

Sales: 4,107 (3,614) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for June 2 1,634.46 (——); 10-day average for June 3 1,607.32 (——).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo July 3			
July	876/880	876/855	—
Oct.	961	961/942	937/940
Jan.	980	980/940	935/945
Apr.	1000	1000/945	932/945
July	720/900	860	700
Oct.	850/950	900	820
Jan.	870/900	865	840
April	1050/1100	1075	—
BFI.	—	—	—

Turnover: 735 (669).

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: July 94.00, Aug 93.00, Sept 92.25. US No 2 Soft Red Winter: July 87.25, Aug 88.00, Sept 88.50. French 11½-12 per cent: 2nd-half July 121.00. English feed, fob: Sept 100.25-100.75. Oct/Dec 104.00-104.50 buyer/sellers. Maize: US No 3 Yellow/French transhipment East Coast: July 150.00. Rest unquoted.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	123.15	+3.40	—	—
Sep.	99.00	—	96.45	+0.85
Nov.	101.35	+0.40	99.60	+0.80
Jan.	104.10	+0.45	102.40	+0.80
Mar.	106.50	+0.45	104.65	+0.
May	109.20	+0.40	106.10	+1.80
July	111.35	+0.45	—	—

Business done—Wheat: July 123.15-0.00, Sept 99.20-9.00, Nov 101.35-0.95, Jan 104.10-3.55, March 106.40-6.10, May 109.25-9.00. Sales: 186 lots of 100 tonnes. Barley: Sept 96.80-6.00, Nov 99.80-9.55, Jan 102.40-1.70, March 104.80-4.75, May 105.10 only. Sales: 53 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed Barley: E. Midlands 104.30. The UK monetary coefficient for the week beginning Monday July 13 is not as yet known, for further information contact the HGCA marketing department.

POTATOES

The forecast of a more prolonged dry spell touched a nervous chord in the market yesterday. Values opened immediately £1.10 up and very rapidly forged a further £3.00 ahead before any noticeable resistance was felt at around £135.00 basis April. The selling interest limited upward was constantly well supported on any 50p dips. Closing call saw renewed buying interest to close at highest levels since early April, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	94.50	91.50	94.80-92.00
Feb.	104.00	100.00	—
Apr.	135.20	130.60	135.50-132.00
May	146.50	143.60	147.00-145.50

Sales: 1,277 (486) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.35-17.45*	+0.05
Brent Blend	19.35-19.40	+0.075
W.T.I. (1pm est)	—	—
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe		
Prompt delivery cif ($ per tonne)		
Premium gasoline	192-195	—1
Gas Oil	158-160	—
Heavy fuel Oil	105-107	—
Naphtha	170-173	+1

* August.

Petroleum Argus estimates

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
August	131.5-131.8	+0.15	131.7
October	128.7-129.0	+0.10	—
Dec	129.6-129.0	—0.55	129.2-129.8
Feb.	131.9-131.5	—0.35	131.5
April	132.0-132.5	—0.30	—
June	129.0-131.0	—0.60	—
August	129.0-132.5	—0.35	—

Sales: 585 (209) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $171.80 (£106.40) a tonne for July/Aug delivery. White sugar $181.4.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Aug	151.6-152.0	151.9-152.2	152.8-151.0
Oct.	155.4-155.6	156.5-156.0	158.2-155.4
Dec	158.4-158.6	159.0-161.2	159.2
Mar.	164.6-165.0	165.2-165.8	165.2-164.2
May	166.4-166.8	166.8-170.0	166.4
Aug	171.9-172.6	171.5-172.4	172.0
Oct	174.4-174.8	175.8-176.2	174.4

Sales: 459 (1,288) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £214.50 (£210.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for July 1: Daily price 6.44 (6.38); 15-day average 5.49 (same).

PARIS—Aug 1171-1173; Oct 1140-1142; Dec 1160-1171; March 1210-1216; May 1239-1252; Aug 1278-1288.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
July	160.00	+0.38	160.00-58.75
Aug	161.75	+0.50	162.00-60.50
Sept	164.25	+0.25	164.25-62.25
Oct	167.00	+0.25	167.00-65.50
Nov	168.00	—0.25	169.00

Turnover: 971 (2,950) lots of 100

RUBBER

PHYSICALS—The London market opened slightly steadier, met good interest throughout the day, closing on a steady note, reports Lewis and Peat. Closing prices buyers): Spot 69.75p (68.50p). Aug 69.00p (67.75p); Sept 68.75p (67.75p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 was 256.5 (—); and for SMR 20 220.5 (—).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 98.70p per kg lw (—1.27); GB—Sheep 180.32p per kg est dcw (+6.66); GB—Pigs 70.70p per kg lw (—5.98).

NEW YORK

CANADA

Rising metal prices boost markets

Canadian stock markets were sharply higher at midday as rising world metal prices encouraged the prospects for Canadian mining companies. In Toronto, the composite index climbed 23.70 points to 3,791.40, building on Thursday's 27-point rise. Advances led declines 328 to 254 in a moderate volume of trading.

Nickel mines Inco and Falconbridge topped the actives list, with Inco up C$1¼ at C$23⅞ and Falconbridge up 75 cents at C$23⅛. Zinc and lead producer Cominco, also among the active stocks, put on 50 cents to C$17¾. Noranda, a diversified mining concern with big gold interests, surged C$1⅝ to C$30¾.

Reacting to easier international bullion prices, Golds were mived after Thursday's sharp gains. Campbell Red Lake ased ⅜ to C$34¼, Domes Mines was unchanged at C$17⅝, Echo Bay shed ⅛ at C$47⅛ and LAC Minerals was up 25 cents at C$40⅜.

Dome Petroleum, another active stock, rose five cents to C$1.17 after national news agency Canadian Press reported that unnamed banking sources had said top company officials were pressing Amoco Corp to improve on its C$5.2bn takeover bid. Other active industrials included Canadian Pacific up 50 cents at C$26⅛ and Maclean Hunter Class A up ⅛.

Union Enterprises was halted for news that it planned a corporate reorganisation to create a new parent company and give shareholders a direct equity interest in its subsidiary Union Gas.

In Montreal, the market portfolio index rose 12.77 points to 1925.68.

All US share and financial markets were closed yesterday, July 3, ahead of the Independence Day holiday today.

Closing prices for Canadian share markets were not available for this edition.

TOKYO

Japanese shares closed lower in heavy volume as bond prices eased and the continued strength of the dollar against the yen spread fears that money may be about to leave Tokyo. The market index fell 170.98 to 24,465.48 after Thursday's rally and declines just led advances in a turnover of 1.1bn shares.

Securities houses, communications, insurance, real estates, pharmaceuticals, retails, warehouses, gas and construction shares fell. Nippon Telegraph and Telephone fell Y90,000. But mining, textile, pulp/paper and fisheries shares rose.

Export-oriented stocks eased on profit-taking after early rises as the dollar climbed against the yen. Besides its effect on Japanese exports, a high dollar also attracts funds from Japan to the US, which is increasingly worrying Japanese investors.

FRANKFURT

Foreign buying, prompted by a further rise in the dollar and positive reports from company annual meetings boosted German shares strongly in active Frankfurt trading. Motors and Banks led the market higher, with the Commerzbank index of 60 leading shares up 16.1 points at 1,892.6. Banks finished at their highest levels, with Deutsche Commerzbank up 4.50 at DM 276. Insurer Allianz rose 17 to DM 1,865.

Siemens continued to recover from its losses earlier in the week on forecast of lower earnings and ended up DM 5 at DM 695.50.

BMW, ex-dividend, ended at DM 693, only DM 4 below Thursday helped by news of a turnover rise of 17 per cent. VW, also ex-dividend, finished 4.90 down at DM 414, boosted by shareholers' support for management after last year's currency swindle and company profit forecast for this year. Daimler rose 17 to DM 1,114.

Among Rtailers, Horten firmed five to DM 229 after saying it expected 1987 turnover to match last year's. But Kaufhof eased against the trend, losing 2.80 to DM 472. Lufthansa ordinaries and preferred each rose 13 to DM 200 and DM 164 respectively, buoyed by Press reports that Bonn was transferring some of its holding to partly statelowned Bayerische Landesbank, rather than to the public. Chemical Bayer added five to DM 337.50.

AUSTRALIA

Australian shares closed sharply higher. The All Ordinaries index rose 35.5 to 1833.7 as the All Industrials index gained 36.0 to 2675.4. The gold index rose 101.5 to 3079.2 and All Resources index 34.8 to 1191.1.

Turnover was heavy at 148.91m shares and rises outnumbered falls by five to two. Gold and resource stocks continued to attract strong demand despite bullion's recent inability to break out of its trading range. Gains took Emperor and Metana to A$7.00 and A$13.20 respectively while Elders Resources added 25 to A$3.05 and Bougainville 30 to A$4.70. CRA rose 54 to A$9.24 in heavy trading and Peko gained 26 to A$7.66.

BHP, which has languished all week following a disappointing annual profit result, climbed 20 cents to A$9.94. Gains were seen throughout the industrial sector, with selected developers, Chemicals, Insurances, Metals and Medias keenly sought.

In Medias, News Corporation, sold down earlier in the week, rose 50 to A$19.70 while Fairfax added 10 to A$4.60.

BRUSSELS

Belgian shares finished sharply higher with some spectacular gains on strong buying from both local and foreign investors. The market index rose from Thursday's record to a new peak of 4,950.90. Interest in newly-launched Belgian share index funds helped to fuel the rise resulting in particularly large gains for better-known shares, brokers said.

This was reflected in big rises for blue chips, with GBL puttingg on BFr 220 to BFr 3,900 and Sofina 800 to BFr 15,800. Reserve added a more modest 70 to BFr 4,070, continuing the upward progress of the last two weeks.

In strong Utilities, Electrafina rose 750 to BFr 8,300 and in Chemicals, Gevart put on 850 to BFr 8,000. UBC 1,200 to BFr 11,300 and Petrofina 550 to BFr 12,400. Bekaert rose 475 to BFr 12,000.

In Banks and Insurances, Kredietbank, which has launched one of the indev funds, rose 200 to BFr 4,800, while AG and Royale Belge both put on 220 to BFr 6,420 and BFr 6,250 respectively.

The few scattered losses were in companies with a history of recent troubles. FN fell 50 to BFr 1,440 and Asturienne shed 48 to BFr 1,202.

SINGAPORE

The Singapore stock market rose to another new all-time high as share prices surged ahead in fairly active trading. The Straits Times industrial index closed at 1,287.28, up 18.58 points from Thursday's record 1,268.70. The rally continued on increased institutional buying orders for blue chips and quality stocks. Intense competition among brokers to complete their orders with sellers generally holding back for prices to move even higher, caused several counters to post strong gains Turnover rose to 73.9m shares from Thursday's 54.1m.

HONG KONG

Hong Kong share prices closed lower on fairly heavy profit-taking after the market index set a new high on Thursday. The Hang Seng index fell 20.31 points to end the day at 3,208.84. Turnover was a heavy HK$1.65bn against the previous HK$1.21bn.

The newly-listed Cavendish International led the active list with a turnover of HK$423.17m. Cavendish, the result of HK Electric's spin-off of its non-electricity generating assets, ended at HK$5.55 against a high of HK$6.40. HK Electric eased to HK$9.30.

CANADA

AUSTRIA

GERMANY

SPAIN

AUSTRALIA (Continued)

JAPAN (Continued)

BELGIUM/LUXEMBOURG

SWEDEN

HONG KONG

DENMARK

SWITZERLAND

ITALY

FINLAND

NETHERLANDS

JAPAN

SINGAPORE

FRANCE

AUSTRALIA

NORWAY

SOUTH AFRICA

Indices

NEW YORK

DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar firm in quiet trading

THE DOLLAR broke through resistance levels in very thin trading yesterday. Dealers were reluctant to endorse any significant break out from recent trading ranges, pointing out that the closure of US centres for Independence Day was not the best time to try to assess the dollar's potential.

Short covering ahead of the long weekend accounted for some of the early improvement, and a small reduction in the Japanese trade surplus may also have helped but the absence of any real participation left sentiment very much in the melting pot. Although not for another two weeks, some dealers were suggesting that the mid-July release of US trade figures was likely to provide the next clear signal.

The dollar closed at DM1.84 up from DM1.8320 and Y148.80 compared with Y147.25. Elsewhere it finished at SFr1.53 from SFr1.5220 and FFr6.1275 compared with FFr6.1075. On Bank of England figures, the dollar's exchange rate index rose from 102.4 to 102.8.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. June average 1.6289. Exchange rate index 72.5 against 72.6 at the opening and 72.5 on Thursday night. The six months ago was 68.3.

Sterling finished unchanged overall but managed to retrieve some of its sparkle in the absenceof any real trading volume. Economic fundamentals continued to provide underlying support but there was little incentive to open fresh positions ahead of the weekend.

Sterling closed at $1.61 from $1.6150 and DM 2.9625 from DM 2.9575. Against the yen it rose to Y239.50 from Y237.75. Elsewhere the pound improved to SFr 2.4625 from SFr 2.4575 and FFr 9.8650 against FFr 9.8625.

D-MARK—Trading range against the dollar in 1987 is 1.9395 to 1.7609. June average 1.8186. Exchange rate index 146.7 against 146.8 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fived at DM 1.8372 up from DM 1.8289 on Thursday. Trading patterns were difficult to identify because of the closure of US markets for Independence Day.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. June average 144.52. Exchange rate index 215.5 against 209.7 six months ago.

A three-day break in the US left traders unwilling to open fresh positions in Tokyo. Light short-covering pushed the dollar up to Y147.90 at the close up from Y147.45 in New York and Y146.95 in Tokyo on Thursday. News that Japan's trade surplus in May narrowed from April's figure of $8.79bn to $8.05bn appeared to have little initial effect with oil prices accounting for some of the decline.

£ IN NEW YORK

July 2	Latest	Previous Close
£ Spot	1.6120-1.6130	1.6165-1.6175
1 month	0.25-0.24 pm	0.34-0.33 pm
3 months	0.75-0.72 pm	0.88-0.85 pm
12 months	2.22-2.12 pm	2.67-2.63 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	July 3	Previous
8.30 am	72.6	72.5
9.00 am	72.7	72.6
10.00 am	72.7	72.6
11.00 am	72.6	72.6
Noon	72.6	72.6
1.00 pm	72.6	72.6
2.00 pm	72.6	72.6
3.00 pm	72.5	72.6
4.00 pm	72.5	72.5

POUND SPOT—FORWARD AGAINST THE POUND

July 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6075-1.6170	1.6095-1.6105	0.33-0.29c pm	2.31	0.93-0.88 pm	2.25
Canada	2.1357-2.1470	2.1365-2.1375	0.17-0.06c pm	0.65	0.53-0.38 pm	0.85
Netherlands	3.33-3.34¼	3.33-3.34	1¼-1c pm	4.05	3½-3¼ pm	4.05
Belgium	61.30-61.55	61.35-61.45	17-14c pm	3.03	44-39 pm	2.70
Denmark	11.19¾-11.24½	11.20¾-11.21¾	½ore pm-½ore dis	−0.20	1-1¼ dis	−0.49
Ireland	1.1025-1.1111	1.1050-1.1060	0.02-0.11 p dis	−0.71	0.08-0.32 dis	−0.72
W. Germany	2.95¾-2.96¾	2.95¾-2.96¾	1½-1⅜pf pm	5.82	4¼-4 pm	5.49

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

CURRENCY RATES

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

	£	$
Iran	116.10*	71.40*
Korea (Sth)	1300.95-1312.75	804.90-811.50
Kuwait	0.45470-0.45550	0.28260-0.28290
Luxembourg	61.35-61.45	38.10-38.20
Malaysia	4.0640-4.0745	2.5295-2.5310
Mexico	2164.75-2187.05	1346.00-1359.00
N. Zealand	2.7010-2.7060	1.6780-1.6800
Saudi Ar.	6.0335-6.0390	3.7500-3.7510
Singapore	3.4120-3.4190	2.1200-2.1210
S. Af. (Cm)	3.2960-3.3120	2.0505-2.0545
S. Af. (Fn)	5.4580-5.6495	3.3900-3.5090
Taiwan	50.20-50.45	31.05-31.15
U.A.E.	5.9090-5.9145	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.610	2.963	239.5	9.845	2.465	3.335	2145.	2.137	61.40
$	0.621	1.	1.840	148.8	6.128	1.530	2.072	1332.	1.327	38.15
DM	0.338	0.543	1.	80.84	3.330	0.831	1.126	723.9	0.721	20.73
YEN	4.175	6.722	12.37	1000.	41.19	10.28	13.92	8954.	8.923	256.4
F Fr.	1.014	1.632	3.003	242.8	10.	2.496	3.381	2174.	2.166	62.24
S Fr.	0.406	0.654	1.203	97.26	4.006	1.	1.354	870.9	0.868	24.93
H Fl.	0.300	0.483	0.888	71.81	2.958	0.738	1.	643.0	0.641	18.41
Lira	0.466	0.751	1.381	111.7	4.600	1.148	1.555	1000.	0.997	28.63
C $	0.468	0.753	1.386	112.1	4.616	1.152	1.561	1004.	1.	28.73
B Fr.	1.629	2.622	4.825	390.1	16.07	4.011	5.432	3493.	3.480	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates little changed

INTEREST RATES were barely changed in the London money market yesterday. Traders took heart from sterling's steady performance overall but the lack of motivation from currency markets, caused by the closure of US centres, tended to keep interest at a minimum.

UK clearing bank base lending rate 9 per cent since May 8

Activity centred on the short dates and the Bank of England's forecast of a large shortage. While three-month interbank money remained at 9³⁄₁₆-9¹⁄₁₆ per cent, weekend money traded between a high of 9¾ per cent and a low of 4 per cent.

The Bank of England forecast a shortage of around £1,700m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £375m and Exchequer transactions a further £910m. There was also a rise in the note circulation of £290m and banks brought forward balances £105m below target.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £934m and comprised outright purchases of £109m of eligible bank bills in band 1 and in band 3, £15m of Treasury bills, £22m of local authority bills and £19m of eligible bank bills. In band 4 it bought £1m of Treasury bills and £2m of local authority bills. All bills were purchased at 8⁷⁄₈ per cent. The balance of the help was made up of sale and repurchase agreements on £766m of bills, for resale to the market on July 14 at 9-8¹⁵⁄₁₆ per cent.

The forecast was revised to a shortage of around £1,850m before taking into account the early help and the Bank gave additional assistance £916m through outright purchase of £5m of Treasury bills and £2m of eligible bank bills in band 1. In band 2 it bought £531m of eligible bank bills and £378m in band 3, all at 8⅞ per cent.

There was no intervention in the afternoon and total help came to £1,850m.

Nervousness within the market was reflected by another rise in the average rate of discount at the weekly Treasury bill tender. The rate was higher at 8.8242 per cent compared with 8.7617 per cent.

The £400m of bills on offer attracted bids of £1,635m against £1,498m for a similar amount the previous week.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 3) 3 months U.S. dollars		6 months U.S. dollars	
bid 7⅞	offer 7	bid 7¹⁄₁₆	offer 7³⁄₁₆

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Correction for July 2, 3 months, bid 6⅞, offer 7, 6 months, bid 7⅛, offer 7¼.

July 3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.45-3.55	3.65-3.75	3.65-3.75	3.65-3.75	3.70-3.85	5.0

LONDON MONEY RATES

LONDON STOCK EXCHANGE

Equity sector at peaks and Gilts firmer

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* New time dealings may take place from 9.00 am two business days earlier.

The UK stock market rolled forward to new peaks yesterday, unperturbed by the absence of the foreign buyers who vanished from London as swiftly as they had appeared on Thursday morning. UK buyers, both private investors and professional traders, kept the market advancing across the broad range, bringing gains in many second-rank stocks. International stocks were very firm despite the closure of the US and Paris markets, with oil shares again strong on prospects for crude prices.

The FT-SE 100 index closed just under the day's best, with a net gain of 30.7 bringing it to a new all-time high of 2,328.1. The previous peak of 2,320.4 was reached in the week following the re-election of the Conservative Government. The market has flagged since then on disappointment at the absence of overseas buyers for UK equities. Prices opened strongly yesterday as UK traders sensed the presence of Japanese buyers in the previous session. Also at a new peak was theFT Ordinary index, up 23.9 at 1,818.5.

There were few Japanese buyers yesterday, but local investors went for the stocks known to find favour in Tokyo. Once again, sharp gains and good turnover were recorded in British Telecom (13m shares), British Gas (20m), British Airways (18m) and British Aerospace (2.3m).

Bank and Insurance stocks were also firm, but there was little activity in pharmaceuticals, which have previously featured in foreign buying lists.

Traders were a little wary of gain in some of the second line property, food and oil service stocks, which are notably thin markets and were moving up on small buying orders.

Some analysts warned that the market faces two testing points in the near future. Next week brings the pricing for the BAA privatisation issue, and arrangements are also under way for the sale of the Government's outstanding stake in British Petroleum.

The Gilt-edged market staged a welcome rally from its recent dullness, although traders stressed that turnover remained very thin. Here again, the Japanese investors who showed their hands at mid-week, were absent from the market yesterday.

At the close, long-dated gilts were ¼ up and looked confident ahead of Monday's call on the Treasury 2002-06 stock. Helping the market was the pound's steadiness in the face of a strong US dollar.

Shell were the pick of a buoyant oil sector and the shares raced up ⅜ to £14½ on a mixture of strong US buying overnight—amid transatlantic optimism over crude oil prices— and persistent UK and Continental support.

Oil share analyst Richard Saville at UK securities house Morgan Grenfell is advising a switch from BP into Shell/Royal Dutch and rates Shell the better quality company despite BP's marked improvement in recent years. He says the current Shell/BP ratio is at the bottom of the five year range.

Ratners—already the UK's dominant jewellery retailer although recently thwarted in its ambitions to acquire Combined English Stores—yesterday announced major acquisition moves on both sides of the Atlantic.

As widely anticipated, Ratners launched an agreed £25m cash bid for Ernest Jones, the loss-making UK retail chain which advanced 21 to 242p on the announcement. More important, however, was the group's proposed expansion in the US via the purchase of Sterling Inc, the specialist jewellery group, for $202.8m (£125.9m). The US move will be financed by an underwritten £122m rights issue, the second by Ratners in the past three months. Ratners shares fell 26 to 337p.

London International Group tumbled to 336p before closing 11 down at 351p in the wake of the company's statement on recent Press coverage of the co-operation agreement with Boots-Celltech to market a contraceptive diagnostic kit.

LIG pointed out that the kit is several years away from being marketed, and that comment as to the contribution the project will make to the company's profitability is be regarded as premature and highly speculative.

The big four clearing banks were again highlighted by Barclays which followed Thursday's 5p rise with a further 12 leap to 590p still buoyed by the "chart buy" signal given by Richard Lake of Savory Milln. Lloyds also made rapid progress, settling 11 up at 374p, while Midland continued their recent revival and put on 6 to 643p. Natwest were a like amount higher at 727p. Rumours that either Midland or Lloyds may launch a bid for Standard Chartered in the near future triggered strong support for SC which advanced 14 to 788p.

The Scottish banks provided an outstanding feature in Royal Bank of Scotland which jumped 15 to 383p in the wake of persistent buying interest from a single source. Bank of Scotland added 10 to 613p in sympathy.

A buoyant insurances sector showed Commercial Union up a further 8 to 376p on vague talk of a stake building operation by a "down-under" group; last Monday Commercial were listed on the Paris bourse where considerable Continental buying was generated. Guardian Royal, a strong chart buy according to broker Savory Milln who reckon the shares could move up £13, were ¼ up at £10¼. In Lifes Legal and General spurted 15 more to 373p while London and Manchester, where bid rumours have abounded all week, added 3 more to 335p. Broker Sturge Holdings leapt 41 more to 561p amid takeover talk.

The day's two new issues continued the successful run of market debutants. Building products group Caraden, offered for sale at 250p, opened around 327p and jumped to 343p, prior to closing at 339p. Lancaster, placed at 165p, settled at 226p.

Early attention in the drinks sector centred on Grand Metropolitan which advanced 13 to 559p helped by news that the group had taken a 10 per cent stake in Martell, the French cognac house, and agreed a common distribution network. Matthew Clark, which has enjoyed the Martell franchise in the UK for some considerable time, hardened 6 to 502p, seemingly unaffected by talk that Bass, the UK's largest public house group, had decided to drop Martell from its outlets.

Scottish and Newcastle became nervous ahead of Monday's preliminary figures, and closed 4½ off at 256½p. Rumours were abounding that the company might reveal a substantial acquisition along with the results—with Stakis joining Norfolk Capital and Matthew Brown as mooted targets. Stakis finished 3 to the good at 124p.

Cement manufacturers and house builders continued to make the running in buildings. Blue Circle spurted 14 more to 527p on the 2 per cent rise in cement prices from August 1. RMC added 4 at 490p. The housebuilding sector showed Wimpey 9½ higher at 270p and Taylor Woodrow — regarded as a bid target — 10 up at 483p. Cessin Group were 14 better at 298p. BHP, a weak market of late, rallied 10 to 800p in the wake of a buy recommendation from Morgan Grenfell who say the outlook for the group's building materials activities is "excellent." Redland, sold earlier in the week on the resignation of the finance director, recovered 7 to 530p.

ICI progressed to close at £14¹¹⁄₃₂; the interim figures are scheduled for July 30. Bid speculation lifted Coalite 13 to 409½p.

The announcement from Ratners gave an additional boost to business in an another firm Stores. Dixon, for example, advanced 8½ more to 381p following a broker's recommendation. Similarly Underwoods put on 18 for a two-day gain of 38 at 219p, while news of a small acquisition directed occasional support to Gus A, ½. Secnodary Stores, buoyant throughout the week reflecting realisation of asset values and potential "shell" situations, made another firm showing. Acsis leapt another 83 to 398p for this reason, while the recent strength of Amber Day stimulated enthusiasm for USM-quoted John Kent, finally 12 to the good at 114p; Amber Day holds 23.75 per cent of Kent and rumours were again circulating that closer ties between the two groups were imminent. Blacks Leisure provided a late feature, rising 4 to 34¾ on the announcement that subsidiaries of Heron International agreed to acquire 13.5m shares at 22p apiece from Blacks chairman Mr Bernard Garbacz.

Thorn EMI, scheduled to reveal annual results next Thursday, improved 10 more 768p in a modest trade. In contrast, British Telecom, helped by overseas interest, were briskly traded (13m) and closed 12½ to the good at 292p. Kewill Systems, reflecting favourable Press comment advanced 8 to 121p. United Scientific, up 8 at 290, continued firmly in the wake of the acquisition of Inverton a private company supplying military simulation and trading systems.

Porter Chadburn highlighted Engineers with a fresh jump of 60 to 505p in response to news of the sale by GM Firth of its 25 stake in the company to a consortium. The fast expanding Thomas Robinson continued to make headway with a further gain of 22 at 608p, while Carclo, sheduled to revela preliminary figures on Monday, rose 20 to 703p. Revived investment buying left APV Baker 21 higher at 768p. Neepsend, helped by traditional option demand, put on 11 to 69p. TI Group rose 10 to 388p, while Howden, final results due shortly, firmed 8½ to 98p.

Foods finished the first leg of the Account in an extremely lively mood. Dalgety held the limelight, rising a couple of pence following confirmation of the long-awaited sale of Associated British Maltsters to Harrisons and Crosfield's Pauls Malt subsidiary; Dalgety subsequently gave ground, closing 8 off at 378p, however, as Hillsdown placed its stake at 375 per share, realising some £11m.

Leading Retailers, supported recently, had a relatively quiet session as buyers concentrated on the smaller issues. Wm. Morrison spurted 50 to 369p amid persistent takeover hopes—ASDA-MFI, itself reckoned to be vulnerable to a predator, was mentioned as a likely suitor and advanced 5 to 195p in a lively late trade. Wm. Low, 657p, and Nurdin and Peacock, 188p, rose 24 and 13 respectively in sympathy. Suggestions of further strong support from "down-under" lifted RHM 5 to 342p, while support was again forthcoming for Rowntree Mackintosh, another 17 dearer at 568p, and for Fitch Lovell, 13, up at 358p; the latter's full-year figures are scheduled for Thursday. In contrast, Global dipped 6 to 115p as the directors attempted to defuse recent bid speculation. Freshbake, wanted at 185p earlier in the day, reverted to unchanged at 168p following news of stock discrepancies at its Wold subsidiary.

Quietly firm conditions prevailed in the miscellaneous industrial leaders. Beecham edged up 6 further to 564p, while Pilkington hit the £10 mark with a rise of 18.

Elsewhere, British Aerospace came to life with a gain of 11 to 540p: the company announced yesterday that it has agreed to acquire Steinheil-Lear Siegler AG, conditional upon the approval of the German Federal Cartel Office, for a price of DM 50.25m. Suter rose 12 to 272p on the success of its offer for Mitchell Cotts, while Plastic Constructions, still reflecting the bid approach, advanced 10 further to 135p. Granada, awaiting next Tuesday's iterim figures, firmed 8 to 371p, Reed Executive, which announced bumper preliminary figures earlier in the week, moved up ⅞ further to £10⅝. LDH closed 31 higher at 265p despite the statement from the company that the directors are not aware of any reason for the sharp rise in the share price other than demand in a very narrow market. British Airways were one of the few actively traded stocks (some 16m shares changed hands) and closed 8½ to the good at 163½p. Redfearn, which recently purchased Flexpack from Bunzl for £19.5m, staged a good revival at 594p, up 18. Wellcome rose 4 to 470p on the company's disclosure that it has applied for a US patent covering DDC, the rival Aids drug being developed by Hoffman La Roche. Other good spots included Charter Consolidated, up 21 at 434p, English China Clays, 21 dearer at 491p, and Pearson, 13 higher at 752p. Wyndham Group, however, reacted 10 further to 228p following the sale of a 13.6 per cent stake held by two Swansea businessmen.

Among Newspapers, Home Counties moved up 21 to 333p. Elsewhere, Barbour Index continued firmly at 605p, up 25; the preliminary figures are scheduled to be announced on July 21. Speculative demand in a limted market left Wace 70 to the good at 330p, after having touched 365p at one stage.

Property shares shrugged off the recent bout of profit-taking and moved ahead across the board. MEPC jumped 10 to 559p in response to bid rumours triggered by Press comment. Greycoat, up 9 at 467p, and Wates City of London, 3 better at 285p, continued to reflect their strong exposure to the buoyant London property market. Parkdale, which announced a major expansion into property in Yorkshire earlier in the week, soared 30 more to 238p.

Selective support in the Textile sector left noteworthy gains of around 16 in Jerome Holdings, 275p, and Parkland A, 185p. Among Tobaccos, Bats edged up 8 to 623p.

Oil shares rounded off a week of strong gains and substantial turnovers with another rapid advance mirroring general optimism over oil prices. BP were much quieter and closed 3 higher at 401p; the advertising campaign to launch the Government's sale of its remaining 32 per cent stake in BP gets underway in mid-month. Britoil spurted 12½ more to 328p—still reflecting the recent recommendation given to the shares by Kleinwort Grieveson. Carless Capel—boosted by a recent buy recommendation from Wood Mackenzie and widespread bid rumours, rose 3½ more, to 148½p. Petrogen mirrored speculative demand and leapt 8 to 35p, as did Goal, up 4 at 91p.

A strong dollar brought small losses in gold mining shares in London, despite a general lack of trading interest With the opening of the Cape markets delayed by technical factors, and both Paris and New York closed, prices were left to drift down in the absence of support. The FT Gold Mines Index fell 6.8 to 378.9.

FINANCIAL TIMES STOCK INDICES

	July 3	July 2	July 1	June 30	June 29	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.03	90.10	90.26	90.49	90.41	91.64	[illegible]	[illegible]	127.4	49.18 (3/1/75)
Fixed Interest	97.13	97.13	97.36	97.22	97.04	97.44	[illegible]	[illegible]	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1818.5	1794.6	1772.1	1782.6	1784.6	1356.5	1818.5	[illegible]	1818.5 (3/7/87)	49.4 (26/6/40)
Gold Mines	378.9	385.7	384.6	378.9	380.7	196.3	[illegible]	[illegible]	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.17	3.20	3.24	3.21	3.21	4.06				
Earnings Yld.%(full)	7.62	7.70	7.80	7.76	7.74	9.74				
P/E Ratio (net) (*)	16.19	16.01	15.77	15.87	15.90	12.51				
SEAQ Bargains (5 pm)	49,904	44,325	42,099	43,542	47,585	—				
Equity Turnover (£m)	—	1675.95	1,172.34	1513.55	4199.79	694.22				
Equity Bargains	—	52,663	48,130	53,200	62,461	25,646				
Shares Traded (ml)	—	609.5	643.6	534.5	820.2	277.6				

S.E. ACTIVITY

Indices	July 2	July 1
Gilt Edged Bargains	111.7	105.7
Equity Bargains	341.2	311.9
Equity Value	3387.5	2569.6
5-Day Average		
Gilt Edged Bargains	112.2	113.4
Equity Bargains	352.1	348.4
Equity Value	4149.0	4109.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1803.7	1811.8	1813.5	1817.2	1818.0	1816.7	1816.0	1816.0

Day's High 1818.6 Day's Low 1803.7. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.87.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*435)	390	49	65	75	1½	6	12
	420	22	42	58	6	18	24
	460	5	23	38	29	38	43
Brit. Airways (*163)	140	24	31	37	1	7	10
	160	7½	20	26	5	13	20
	180	1½	9	16	19	26	30

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Guinness (*367)	300	72	77	—	2	5	—
	330	43	57	68	5	10	17
	360	20	40	48	10	20	27
	390	10	27	38	30	35	42
Ladbroke (*426)	403	35	47	—	7	16	—

Traded Options

The resurgence of support for London equities was reflected in traded options where total contracts trausacted amounted to 53,525—the highest of the week. Operators displayed particular enthusiasm for positions in British Gas which cotributed 10,985 calls and 357 puts, while a more evenly-balanced business was noted for British Telecom, 2,767 calls and 1,362 puts, and for British Airways, 3,527 calls and 1,147 puts. Dealers also reported sizeable activity in Rolls Royce, Commercial Union and GEC.

Traditional Options

- First dealings June 22
- Last dealings July 3
- Last declaration Sept 24
- For Settlement Oct 5

For rate indications see end of London Share Service

Stocks dealt in for the call included Norfolk Capital, John and Firth Brown, Cambridge Instrument, Bulgan A, Pavion, First Charlotte@ Edmonds Holdings, Lonrho, Bula Resources, Hampton Trust, 600 Group, Spong, Rotaprint, Control Securities, Polly Peck, Abaco, Widney, Benlox, Kellock, Bridon, Bryant Holdings, Eagle Trust, Blacks Leasure, Stormguard, Property Trust, Wheway, Caraden, Yelverton, Amstrad, Pentland Industries, Astra Industrial, Wellman, Central and Sheerwood, Arlen, Neepsend, Johnson Matthey and Freshbake Foods. Puts were arranged in Kalamazoo, B. Elliott, F. Copson and Eagle Trust.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (450)

AMERICANS (1), BANKS (12), BREWERS (4), BUILDINGS (21), CHEMICALS (11), STORES (27), ELECTRICALS (24), ENGINEERING (28), FOODS (12), HOTELS (5), INDUSTRIALS (64), INSURANCE (7), LEISURE (9), MOTORS (5), NEWSPAPERS (9), PAPER (14), PROPERTY (28), SHIPPING (2), SHOES (2), TEXTILES (11), TRUSTS (132), OILS (11), OVERSEAS TRADERS (4), PLANTATIONS (3), MINES (3), THIRD MARKET (1)

NEW LOWS (3)

ELECTRICALS (1) Mitel Corp. INDUSTRIALS (1) Hawtal Whiting. OILS (1) Petranol.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included 10

Corp of London 3½% Deb Stk 83/93 – £70 (26Je87)
Greater London Council 6¾% Stk 90/92 – £90½
Birmingham Corp 3½% Stk 1946(or after) – [illegible]

UK Public Boards

Foreign Stocks, Bonds, etc—(coupons payable in London) No. of bargains included 9

United Mexican States 16½% Ln Stk 2008(Reg) – £100¾ 1¼ %‡ (30Je87)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

No. of bargains included 1305

Bank of Ireland(Governor & Co of) 7% Ln Stk 86/91 – [illegible]

Breweries and Distilleries

Commercial, Industrial, etc

Registered Housing Associations

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water Works

USM Appendix

Technology for Business PLC 7½% Cum Cnv Red Prf £1 – 155 (30Je87)
UCL Group PLC Ord 5p – 155 7 60

The Third Market Appendix

No. of bargains included 153

Amalgamated Energy PLC New Ord 10p (Fp/AL-24/7/87) – 68 70 2 7
Comac Group PLC New Ord 5p (Fp/LA-14/8/87) – 157 65
Far East Resources PLC Ord 10p – 100 5 ½ 6 10 2

SPECIAL LIST
RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI Intnl 173◆
Acmex Hldgs 200
Acorn Securities 110◆ 11◆ 13◆ 15◆ 112 3 5 6 7
Allflex Hldgs 50◆ (29/6)
Amber Gold A$0.38◆ (26/6)
Ames Department Stores $23⅞ (30/6)
Ampol Exploration 125◆ 30◆ 133
Amsterdam-Rotterdam Bank Fl 76½ 6 ¼
Aust Oil & Gas 23◆
Beverley Enterprises $14⅞◆ 15◆ (29/6)
Black Hill Minerals A$0.297 (29/6)
Brush Wellman $39◆ (29/6)
Burwill Intnl 11½ (30/6)
C.S.F. (Thomson-C.S.F.) FFr 1530 (1/7)
Central Kalgoorlie Gold $1.9 (29/6)
Central Norseman Gold A$2.65
City Developments S$3.402 3.42
Conex Aust 5½ A$0.131
Cons Resources 2½◆ (26/6)
Development Bank of Singapore S$14.1 14.229 14.278 14.328 14.4 (30/6)
Devex A$35.14 (30/6)
Du Pont (E.I.) de Nemours $119¼◆
Energy Oil Gas A$0.193 (30/6)
Equity Silver Mines C$10 ¼ 10.45
Fraser Neave S$10.65 10.92 (30/6)
Golconda Mins A$1.0 (1/7)
Golden Valley Mines 35◆ (29/6)
Grants Patch Mining 24◆ (29/6)
Greenvale Mining (A$0.20) 19◆ (30/6)
Groupe Bruxelles Lambert $95½
Hang Lung Development $14½◆ (29/6)
Hill 50 Gold Mine A$1.96 .98 .993 2.017
HK-TVB HS14.247 (30/6)
Hunter Rescs 5◆ (26/6)
Hysan Development HS1.174 (30/6)
Int Mining 110
Invincible Gold NL Ord A$0.30 (A$0.20) 25 (30/6)
Jardine Matheson Fin War 33◆ (29/6)
Jones Mining (SA0.20) 26◆ (26/6)
Kalgoorlie Rescs 15◆ (30/6)
Keystone Intnl $20⅝◆ (29/6)
Kreditkassen £22 (29/6)
Kulim Malaysia 47
Kulim Malaysia (Malay Reg) S$1.9 (29/6)
Loral Corp $41⅞◆ (29/6)
Malayan Credit S$3.437 3.438 (30/6)
Matsushita Elec Inds Y2250
McCarthy Grp R8 3
Mid-East Mins 44 (29/6)
Mitsubishi Heavy Inds Y583.12 (1/7)
Mt Martin Gold Mines 50◆ (1/7)
Mt Pleasant Rescs A$0.498 (1/7)
NZ Forest Products 129◆ (29/6)
Nat Electronics (Consolidated) 5 7½
Nationale-Nederlanden CVA (Fl2.5) Fl72.55 ¼ 8 3¼ ½
New Town (NT) Props HS5.918
Niagara Share Corp £10.73 (26/6)
Oil Search 70◆ 1◆ 3◆ A$1.67◆ 73 4 5 6 A$1.69
Oilmet Resources 60 (1/7)
Overseas Chinese Banking Corp 265
Pan Australian Mining 165 (29/6)
Pan Pacific Pet 7 8
Petro Energy 6½ (1/7)
Pioneers Electronic Corp Y3000
Playmates Hldgs $0.24◆ (30/6)
Poseidon 218 A$4.815 4.85
Range Resources 23◆ (30/6)
Regal Hotels (Hldgs) 16 18 20½ (30/6)
Rorer Group £44¼ (30/6)
Royex Gold Mining Corp 260 (29/6)
Service Corp Int £16.09
Singapore Land S$7.55 (30/6)
Snap-on Tools Corp $43½◆ (29/6)
Societe Nationale Elf Aquitaine $60.15 FFr 363 415
Southland Corp $67⅞◆ (29/6)
Swire Pacific B 50.49◆
Tandem Resources 80 (1/7)
Target Petroleum 36 (1/7)
Target Petroleum (A$0.15) 17◆ (30/6)
Vereeniging Refractories R13.85 (1/7)
Vuitton (Louis) FFr 1080 90
Wong Industrial Hldgs HK$2.333 (29/6)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Amal Metal Corp (£1) 200 5
Anglo-Am Afric 7½pcLn (1999) £122½pc (29/6)
Ann Street Brwy (£1) 845 55 (30/6)
Barbican (1p) 41½
Berwick Salmon Fisheries (5p) 52 ¼ 4 (1/7)
Clucus Cleaners (£1) 130 (1/7)
Conister Trust 110
Explaura (5p) 48 (26/6)
Fenwick 10½pcPrf (£1) 110½ 11½ (1/7)
Greenstar Hotels (10p) 27 (30/6)
Insituform (½) 675 (1/7)
Kemp (P.E.) (5p) 37 8 (30/6)
Kunick Leisure (10p) 36 9 (1/7)
Leeds Fireday 4pcDb £25 8 (30/6)
Le Riches Stores (£1) 465 (30/6)
Man Utd FC (£1) 400
Manx Overseas Inv Trst (10p) 19 (1/7)
Merrett (10p) 440 (30/6)
Norton Villiers Triumph (1p) 5 ½ ¾
Oodles (10p) 22
Red Rose Radio A NV (10p) 115 22 (1/7)
Sale Tilney 6pcPrf (£1) 35 (26/6)
Sturm Newspapers (£1) 300 15 (30/6)
Transatlantic Insce (50p) 325 (29/6)
Thwaites (D) (£1) 685 90 (1/7)
West Hampshire A 7pcMax (£10) 480 500 (26/6)
Winchmore 89 90 (1/7)
Wolverhampton Racecourse 40

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Rescs (10p) 80
Kenmare (Ir£0.25) 38

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 2 1987					WEDNESDAY JULY 1 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (96)	136.56	+1.4	125.36	126.11	3.13	134.73	123.57	124.11	141.44	99.92	75.98
Austria (16)	86.65	−0.3	79.54	82.31	2.33	86.91	79.71	82.43	101.62	85.71	88.54
Belgium (48)	121.84	+1.0	111.85	114.33	4.20	120.58	110.59	113.00	123.62	96.19	81.95
Canada (132)	129.36	+0.7	118.75	124.58	2.28	128.50	117.85	123.70	136.17	100.00	99.66
Denmark (39)	115.80	−0.7	106.30	109.30	2.54	116.64	106.98	109.74	124.10	98.18	97.01
France (122)	108.35	+1.3	99.47	103.81	2.72	107.00	98.14	102.39	121.82	98.39	86.47
West Germany (92)	96.13	−0.1	88.25	91.56	2.07	96.26	88.29	91.49	100.33	84.00	83.51
Hong Kong (45)	127.95	+2.0	117.46	128.28	2.82	125.43	115.03	125.76	127.95	96.89	71.03
Ireland (14)	133.06	+1.3	122.15	128.03	3.50	131.30	120.42	126.20	133.06	99.50	93.95
Italy (76)	95.63	−1.5	87.79	94.77	1.92	97.12	89.07	95.92	112.11	94.76	85.42
Japan (458)	141.88	+1.2	130.24	132.06	0.51	140.18	128.57	130.04	161.28	100.00	82.98
Malaysia (36)	171.72	+0.5	157.64	167.19	2.27	170.89	156.73	166.25	172.55	98.24	83.14
Mexico (14)	246.17	+3.1	225.98	364.02	0.62	238.75	218.97	352.54	268.91	99.72	49.50
Netherland (38)	123.44	+0.3	113.32	116.28	3.81	123.09	112.90	115.62	123.44	99.65	90.62
New Zealand (26)	98.44	+0.1	90.37	88.13	3.24	98.34	90.20	87.55	100.59	83.93	71.50
Norway (24)	140.61	−0.2	129.08	128.02	2.24	140.87	129.20	127.92	140.87	100.00	101.49
Singapore (27)	146.95	+0.8	134.90	143.46	1.72	145.84	133.76	142.35	146.95	99.29	78.13
South Africa (61)	157.46	+0.1	144.54	118.71	3.47	157.25	144.22	118.56	186.74	100.00	77.26
Spain (43)	122.04	−0.1	112.03	117.09	3.37	122.10	111.99	117.11	123.93	100.00	80.90
Sweden (33)	113.22	+0.5	103.93	107.14	2.17	112.68	103.35	106.43	124.68	90.85	92.06
Switzerland (53)	97.89	+0.2	89.86	92.36	1.84	97.73	89.63	92.03	104.06	92.01	86.28
United Kingdom (336)	151.23	+1.1	138.83	138.83	3.13	149.66	137.26	137.26	153.12	99.65	103.52
USA (591)	124.91	+0.8	114.67	124.91	2.90	123.96	113.69	123.96	126.68	100.00	105.47
Europe (934)	122.32	+0.5	112.29	114.87	2.83	121.69	111.60	114.09	122.32	99.78	92.40
Pacific Basin (688)	141.05	+1.2	129.48	131.50	0.68	139.35	127.80	129.49	158.77	100.00	82.34
Euro–Pacific (1622)	133.60	+1.0	122.64	124.84	1.47	132.32	121.36	123.32	143.65	100.00	86.31
North America (723)	125.15	+0.8	114.88	124.91	2.87	124.20	113.91	123.97	126.70	100.00	105.17
Europe Ex. UK (598)	104.37	+0.1	95.82	99.88	2.55	104.32	95.68	99.61	107.75	98.02	85.69
Pacific Ex. Japan (230)	131.05	+1.4	120.30	124.45	2.93	129.21	118.51	122.50	131.05	99.92	74.20
World Ex. US (1829)	133.77	+0.9	122.81	124.93	1.52	132.52	121.54	123.44	143.38	100.00	86.65
World Ex. UK (2084)	128.25	+0.9	117.73	123.67	1.91	127.16	116.62	122.42	133.61	100.00	93.14
World Ex. So. Af. (2359)	130.11	+0.9	119.44	125.09	2.03	128.97	118.29	123.79	135.02	100.00	94.12
World Ex. Japan (1962)	124.80	+0.7	114.57	121.61	2.86	123.93	113.66	120.69	125.15	100.00	99.30
The World Index (2420)	130.29	+0.9	119.60	125.07	2.04	129.15	118.45	123.78	135.15	100.00	94.02

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	Stock
GOLD C	$480	71	4.70	57	14.10	28	23.50	$444.50
GOLD C	$500	2	1.50	—	—	11	18	"
GOLD P	$400	—	—	5	5.50	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$650	5	95	—	—	—	—	$729
SILVER C	$800	—	—	4	75	—	—	"
SILVER C	$850	—	—	27	55	—	—	"
SILVER C	$900	—	—	6	45	—	—	"
SILVER C	$1000	5	10	—	—	—	—	"
		Jul 87		Aug 87		Sep 87		
S/FL C	Fl.190	—	—	—	—	1	16.50	Fl.207.05
S/FL C	Fl.200	—	—	40	7	25	7.50	"
S/FL C	Fl.205	25	2.20	2	3.50	7	4	"
S/FL C	Fl.210	—	—	10	1.20	24	2.30	"
S/FL P	Fl.200	—	—	—	—	2	1.80	"
S/FL P	Fl.205	25	0.70	18	1.90	—	—	"
S/FL P	Fl.210	—	—	5	4.80	—	—	"
		Dec 87		Mch 88		Jun 88		
S/FI C	Fl.190	—	—	8	16.80	—	—	Fl.207.05
S/FI C	Fl.200	8	8	10	9.10	—	—	"
S/FI C	Fl.205	69	5.90	—	—	10	8.30	"
S/FI C	Fl.210	6	3.70	15	5	3	6	"
S/FI C	Fl.215	—	—	3	3.50	—	—	"
S/FI C	Fl.220	10	1.20	—	—	—	—	"
S/FI P	Fl.200	37	3.60	12	5.70	1	7.60	"
S/FI P	Fl.205	46	6.10	—	—	1	9.50	"
S/FI P	Fl.210	1	8.20	—	—	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.480	114	6.50	39	17.90	8	29	Fl.480
ABN P	Fl.480	148	5	35	19.50	2	21.50	"
AEGON C	Fl.100	800	2	730	5	251	6.50	Fl.99.50
AEGON P	Fl.90	8	0.40A	106	1.90	—	—	"
AHOLD C	Fl.100	22	5.20	30	7.50	2	9	Fl.104.80
AHOLD P	Fl.100	18	0.50	118	3.20	—	—	"
AHOLD C	Fl.100	19	5.30	10	8	—	—	"
AHOLD P	Fl.95.50	—	—	10	1.60	—	—	"
AKZO C	Fl.150	1480	7.80	619	13	121	16.40	Fl.157.20
AKZO P	Fl.150	57	0.60	249	3.20	447	5.20	"
AMEV C	Fl.70	16	0.40A	191	2	1	3.80	Fl.65.70
AMEV P	Fl.65	63	1.20	22	2.80	—	—	"
AMRO C	Fl.80	116	0.60	199	3.20	96	4.90	Fl.77.30
AMRO P	Fl.75	31	0.50	31	2.70	—	—	"
GIST-BROC. C	Fl.45	802	2.90	191	4.80	109	6	Fl.48
GIST-BROC. P	Fl.45	152	0.40	62	1.80	229	2.70	"
HEINEKEN C	Fl.180	148	2.80	93	8.30	—	—	Fl.179.60
HEINEKEN P	Fl.180	25	2.50	55	6.20B	10	7.50	"
HOOGOVENS C	Fl.45	698	2.10	380	4.50	170	6.30	Fl.45.80
HOGOVENS P	Fl.45	4	1	296	2.90	10	3.80B	"
KLM C	Fl.50	631	2.50	1304	4.20	263	5.40	Fl.52.30
KLM P	Fl.50	5	0.40	183	2.20	450	3	"
NEDLLOYD C	Fl.150	178	6.30	162	11.70	23	15	Fl.155
NEDLLOYD P	Fl.140	60	0.30	52	3	5	5	"
NAT.NED. C	Fl.75	245	1.30	621	4	54	5.90	Fl.74.20
NAT.NED. P	Fl.75	97	2	130	4.30	7	4.80	"
PHILIPS C	Fl.50	1661	2.40	705	4.80	223	5.70	Fl.52.40
PHILIPS P	Fl.50	865	0.20	749	1.50	131	2.50A	"
ROYAL DUTCH C	Fl.270	2000	11.50	1602	16.50	100	18.80	Fl.281.20
ROYAL DUTCH P	Fl.260	5	0.10	339	3.30	24	5.90	"
ROBECO C	Fl.100	5	7.30	—	—	—	—	Fl.106.90
ROBECO P	Fl.110	—	—	4	3.70	—	—	"
UNILEVER C	Fl.136	1286	2.60	357	8	10	11.40	Fl.137.50
UNILEVER P	Fl.136	431	1.60	270	4.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 63,794

A=Ask B=Bid C=Call P=Put

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,200	195	+5	Jaguar	1,000	540	+7
Allied Lyons	1,500	435	+7	Ladbroke	2,300	426	−3
Amstrad	2,000	179	+5	Land Securities	1,800	558	+3
Argyll Group	827	472	+3	Legal & Gen.	807	373	+15
Assoc. Brit. Foods	169	407	—	Lloyds Bank	1,800	374	+11
BAT	1,600	623	+8	MEPC	1,200	559	+10
BET	4,300	292	+3	Marks & Spncr	3,900	256	+1½
BOC	559	520	+7	Midland Bank	591	643	+6
BPB Inds	659	800	+10	NatWest Bank	1,100	724	+3
BPCC	1,300	322½	+18½	Next	3,200	345	+12
BTR	3,100	325	+2	Pearson	1,300	752	+13
Barclays	1,500	590	+12	P & O	428	743	+2
Bass	507	994	+8	Pilkington Bros	1,200	£10	+¼
Beecham	1,850	564	+6	Plessey	4,600	228	−½
Blue Circle	1,400	527	+14	Prudential	574	£10⅞	+³⁄₁₆
Boots	9,000	299	+5	Racal	2,300	273	+4
Brit. Airways	16,000	163½	+8½	Rank Org	110	791	+6
Brit. Aero	2,100	540	+11	RHM	1,300	342	+5
Brit. & Comm.	506	503	+1	Reckitt & Col	212	£12	+⅛
British Gas	11,500	187	+8	Redland	1,000	530	+7
Britoil	6,800	328	+12½	Reed Intl.	3,750	554	+8
BP	8,200	401	+3	Reuters	276	851	+3
Brit. Telecom	13,000	292	+12½	RMC	169	490	+4
Bunzl	306	267	+2	RTZ	1,500	£10⅞	+¼
Burton	1,800	335	+7	Rolls-Royce	5,300	123	+6
Cable & Wire	3,100	392½	+8½	Rowntree Mac	1,600	568	+17
Cadbury Schwps	2,500	276	+1	Ryl Bank Scotland	1,800	383	+15
Coats Viyella	499	346	—	Royal Insurance	1,500	518	+11
Comm. Union	3,400	376	+8	STC	1,900	320½	+8½
Cons. Gold	137	£10¼	−⅛	Saatchi & Saatchi	164	677	+2
Cookson	290	754	+4	Sainsbury	794	292	+2
Courtaulds	382	490	−4	Scott & Newcastle	805	256½	−4½
Dee Corpn	1,000	235	+1	Sears	4,300	161	+1
Dixons Grp	1,800	381	+8½	Sedgwick	1,700	314	+2
English China Clays	759	492	+21	Shell Trans	2,600	£14½	+¼
Fisons	502	371	+2	Smith & Nephew	1,600	183½	−3
Gen. Accident	207	£10⅞	—	Standard Chart	420	788	−14
Gen. Elect	2,600	235	−1	Storehouse	634	288	—
Glaxo	756	£16¼	+⅛	Sun Alliance	522	£10⅛	+⅛
Globe Investment	115	181	+½	TSB	3,000	89	−½
Granada	2,300	371	+8	Tarmac	1,200	294	−1
Grand Met	2,400	559	+13	Tesco	715	591	+6
Gus "A"	133	£13⅝	+⅛	Thorn EMI	626	768	+10
Guardian R.E.	553	£10½	+⅛	Trafalgar House	765	402	+3
GKN	1,100	363	−2	T'house Forte	5,400	262	+12
Guinness	1,100	367	−2	Unigate	149	420	+2
Hammerson	92	657	+7	Unilever	481	659	−5
Hanson Trust	5,200	176	+½	United Biscuits	729	339	+4
Hawker Sidd	760	544	+3	Wellcome	1,700	470	+4
Hillsdown Hldgs	2,150	306	+1	Whitbread "A"	775	364	+3
ICI	1,000	£14⅞	+⅛	Woolworth	3,000	428	+2

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	79	17	16	196	324	40
Corporations, Dom. and Foreign Bonds	3	17	39	39	81	175
Industrials	748	263	544	3,302	1,663	2,821
Financial and Props.	343	59	193	1,233	495	1,259
Oils	45	21	48	221	128	221
Plantations	5	0	9	20	5	45
Mines	45	61	83	306	205	434
Others	116	45	109	355	356	610
Totals	1,384	483	1,041	5,672	3,257	5,605

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday July 2 1987

Publishing and Printing	+64.17	Industrial Group	+38.42
Property	+61.83	Capital Goods	+38.38
Metals and Metal Forming	+54.85	Electronics	+37.56
Oils and Gas	+54.65	Motors	+36.09
Health and H'sehold Products	+52.73	Other Groups	+35.39
Mining Finance	+51.97	Insurance (Composite)	+35.26
Textiles	+51.21	Food Retailing	+34.95
Agencies	+49.99	Financial Group	+33.27
Shipping and Transport	+48.60	Other Industrials Materials	+33.26
Contracting, Construction	+48.03	Insurance (Life)	+32.87
Packaging and Paper	+44.34	Stores	+31.36
Building Materials	+44.04	Mechanical Engineering	+30.37
Overseas Traders	+43.05	Gold Mines Index	+29.34
Leisure	+41.09	Conglomerates	+28.91
Food Manufacturing	+41.02	Brewers and Distillers	+27.61
500 Share Index	+40.71	Telephone Networks	+26.79
Electricals	+40.38	Investment Trusts	+25.79
Consumer Group	+40.16	Merchant Banks	+20.01
All-Share Index	+39.03	Banks	+18.68
Chemicals	+38.65	Insurance Brokers	+13.86

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'l Tst C'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williman Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bnk	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank. Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambro Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

BANK RETURN

BANKING DEPARTMENT	Wednesday July 1, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	84,697,880	+ 1,951,305
Bankers Deposits	1,065,619,909	+ 145,054,892
Reserve and other Accounts	1,769,746,202	+ 43,926,659
	2,934,616,991	+ 190,932,856
ASSETS		
Government Securities	530,286,717	+ 74,200,000
Advance and other Accounts	1,058,728,340	+ 313,645,903
Premises Equipment & other Secs	1,335,260,429	− 196,059,008
Notes	10,098,688	− 849,190
Coin	242,817	− 4,849
	2,934,616,991	+ 190,932,856

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	13,069,901,312	+ 110,849,190
Notes in Banking Department	10,098,688	− 849,190
	13,080,000,000	+ 110,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,963,852,570	− 627,796,225
Other Securities	4,105,132,330	+ 737,796,225
	13,080,000,000	+ 110,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2040

American Growth	109.7	116.4	+2.0	0.71
(Accum Units)	114.9	121.5	+2.0	0.71
Brown Blue Chip Fund	52.7	55.7	+0.9	2.30
(Accum Units)	52.7	55.7	+0.9	2.30
American Sm Co's Fd	52.0	55.0	+0.4	0.45
(Accum Units)	52.0	55.0	+0.4	0.45
American Income	51.6	54.5	+0.0	3.65
(Accum Units)	56.2	59.4	+0.0	3.63
European Growth	143.1	151.4	+1.0	0.73
(Accum Units)	148.1	156.7	+1.0	0.75
European Income	79.2	83.8xd	+0.6	3.64
(Accum Units)	83.1	87.4xd	+0.7	3.64
General	376.4	398.3	+3.8	1.89
(Accum Units)	625.3	661.6	+6.3	1.89
Gilt	88.8	89.2xd	-0.2	7.30
(Accum Units)	105.7	106.2xd	-0.5	7.30
Global Fund	49.6	52.4	+0.3	0.70
(Accum Units)	49.6	52.4	+0.3	0.70
High Interest Fund	47.2	49.9	-0.1	8.89
(Accum Units)	47.6	50.3xd	-0.1	8.89
High Income Fund	53.7	56.8	+0.8	4.75
(Accum Units)	54.2	57.3	+0.8	4.75
Income	123.6	130.7xd	+1.8	3.59
(Accum Units)	141.6	149.8xd	+2.1	3.59
International	295.2	312.3xd	+0.7	1.18
(Accum Units)	369.4	390.8xd	+0.9	1.18
Japan	208.2	220.3	-2.8	0.80
(Accum Units)	213.7	226.1	-2.9	0.80
Pacific Fd	54.0	57.1xd	+0.4	0.10
(Accum Units)	54.0	57.1xd	+0.4	0.10
Recovery	313.7	331.9	+3.9	2.05
(Accum Units)	341.0	360.8	+3.8	2.05
UK Smaller Co's Fd	53.4	56.5	+0.3	1.88
(Accum Units)	53.4	56.5	+0.3	1.88
Exempt May 27	345.5	354.3	-2.7	2.26
(Accum Units)	542.5	556.4	-2.8	2.26

Metropolitan Unit Trust Mngrs Ltd
9 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	62.1	66.0	+0.9	4.54
Accum Units	62.1	66.0	+0.9	4.54
UK Growth Fund Acc	64.3	68.3	+1.2	1.51
Global Income Fund	49.8	52.9	+0.3	3.70
Accum Units	49.8	52.9	+0.3	3.70
Global Growth Fund	46.1	49.1	+0.6	0.51

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	79.1	83.7	—	0.37
Holborn Equity Income	72.2	76.5	—	3.37
Holborn Equity Tst	588.1	622.5	—	2.17
Holborn European Tst	114.6	121.2	—	0.60
Holborn Gilt Tst	214.0	221.1	—	2.15
Holborn High Inc Tst	87.2	92.2xd	—	4.68
Holborn Intl Grth Tst	117.1	123.9	—	0.70
Holborn Japanese Tst	131.0	138.6	—	0.04
Holborn N. Amer. Tst	90.8	96.0xd	—	0.5
Holborn Spc Des Tst	77.9	82.4	—	1.41
Holborn Spec Sits Tst	102.2	108.1	—	1.35
Holborn UK Growth Tst	116.5	123.3	—	1.53

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	676.4	715.8	+10.3	1.37
Quadrant Income	338.8	303.5xd	+5.2	4.07
Quadrant Intl. Fund	449.0	475.3	+7.4	1.05
Quadrant Spec. Sits	452.0	478.4	+25.2	1.37

Reliance Unit Mgrs. Ltd
Reliance House, Tonbridge Wells, Kent 0892 510033

British Life	243.0	258.4	+3.5	2.22
Reliance Unit Tst (Inc)	168.6	179.2	+2.3	1.80
Reliance Ut Tst (Acc)	226.9	241.2	+3.0	1.80

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	49.2	51.7	—	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	318.4	338.7	—	0.80
NC America (Acc)	351.5	373.9	+4.1	0.80
NC Inc Fd	126.7	134.7	—	2.79
NC Japan Fd	202.0	214.8	+1.6	—
NC Major UK Cos Fd	73.1	77.7	—	1.54
NC Smllr Australasian	88.8	94.4	—	0.46
NC Smllr Canadian CoFd	48.6	51.7	—	0.98
NC Smaller Cos	239.7	255.0	+2.7	0.90
NC Smaller European	192.5	204.5	+1.5	0.46

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INSURANCES

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FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	446.8	470.3		—
Property	283.2	298.9		—
Equity	578.2	608.6	—	—
Gilt Edged	364.4	383.6		—
Deposit	204.1	214.8		—
Investment	247.7	260.1		—
International	423.5	445.8	—	—
Pension Fund Prices				
Managed Init.		326.3	—	—
Do. Accum.		398.3	—	—
Property Init.		242.9	—	—
Do. Accum.		296.5	—	—
Equity Init.		423.2	—	—
Do. Accum.		516.0	—	—
Gilt-Edged Init.		235.4	—	—
Do. Accum.		287.4	—	—
Guaranteed Init.		157.5	—	—
Do. Accum.		192.4	—	—
International Init.		517.8	—	—
Do. Accum.		631.8	—	—
Index Lk. Gilt Init.		137.3	—	—
Do. Accum.		167.6	—	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	300.3	+0.1	—
Property Pens.	397.0	+0.2	—
Equity	198.9	+1.6	—
Equity Pens.	914.5	+11.1	—
Money Market	309.3	-1.4	—
Money Mkt. Pens.	553.1	-2.4	—
Deposit	236.2	+0.1	—
Deposit Pens.	375.5	+0.2	—
Managed	292.3	+1.1	—
Managed Pens.	567.3	+3.6	—
Intl. Equity	340.7	-0.9	—
Do. Pens.	549.2	+2.3	—
Ind. Managed	314.3	+1.0	—
Do. Pens.	467.3	+2.2	—
North American	129.2	+0.6	—
Do. Pens.	148.6	+1.2	—
Far East	288.4	+1.5	—
Do. Pens.	418.1	+2.2	—
Intnl. Currency	174.6	+0.0	—
Do Pens.	228.4	+0.0	—
Index Linked	131.6	-0.4	—
S & C Managed Fd	143.0	+0.9	—

National Provident Inst.—Contd.

Far East Initial	478.8	504.1	-2.0	—
Far East	571.9	602.1	-2.3	—
Prop. Initial	140.1	147.5	+0.4	—
Prop.	167.4	176.3	+0.6	—
Fixed Int. Initial	188.8	198.8	-0.3	—
Fixed Int.	225.5	237.4	+0.4	—
Indexed Gilt Initial	103.0	108.5		—
Indexed Gilt	121.8	128.3	+0.1	—
Deposit Initial	134.3	141.4	—	—
Deposit	162.0	170.6	+0.1	—
NPI Pensions Management Ltd				
Managed Fund	952.7	969.7		—

Prices July 1. Next dealing August 3.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

NUAM Funds				
Managed Fund	57.4	60.5	+0.4	—
Stock Market Mngd Fund	59.0	62.2	+0.5	—
Equity Fund	65.1	68.6	+0.8	—
International Fund	54.0	56.9	+0.2	—
European Fund	56.8	59.8	+0.7	—
North American Fund	50.3	53.0	+0.4	—
Pacific Fund	63.1	66.5	-1.0	—
Property Fund	50.7	53.4		—
Fixed Interest Funds	50.0	52.7	-0.1	—
Index linked Sec Fund	45.6	48.1		—
Deposit Fund	50.7	53.4		—
NUAM Retirement Plans				
Mixed Fund	61.1	64.4	+0.5	—
UK Ordinary Share	73.5	77.4	+0.9	—
International Fund	55.9	58.8	+0.6	—
Property Fund	51.6	54.4		—
Fixed Interest Fund	51.6	54.4	-0.1	—
Index Linked Sec Fund	45.6	48.1	-0.1	—
Deposit Fund	52.5	55.3		—
NUAM (MF)				
Managed Fund	786.7	828.2	+6.4	—
Equity Fund	1733.9	1825.2	+29.4	—
Property Fund	305.0	331.6		—
Fixed Interest Fund	368.7	388.2	-0.2	—
Deposit Fund	206.8	217.7		—
International Fund	140.2	147.6	+0.6	—
Index Linked Sec Fund	45.7	48.2		—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

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MANAGEMENT SERVICES

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OFFSHORE AND OVERSEAS

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS—Contd

FOREIGN BONDS & RAILS

AMERICANS

32	24⅛	Morgan (JP) $2.5	29		$2.72	5.6
46⅝	36⅛	NYNEX $1	43	+¼	h$3.48	5.0
25⅞	21¼	PHH	24¾xd	+¼	$1.04	2.6
25½	19⅛	Pacificorp $3.25	22¾	+¼	$2.40	6.6
19⅛	13⅛	Pacific Telesis $0.10	16⅝	-⅛	h$1.64	6.0
22	17¼	Pall Corp. 25c	18⅞		34c	1.1
56⅞	45⅛	Pennzoil 83c	47⅞	+⅞	$2.20	2.8
28	21	Pillsbury	26⅛		$1.00	2.3
36⅞	26⅛	Quaker Oats $5	32 xd		h80c	1.5
42	28⅞	RJR Nabisco Inc	33¼	+¼	$1.60	2.9
39	27¼	Rep NY Corpn $5	33⅝		$1.16	2.1
18¾	15	Rockwell Intl. $1	16⅞	+¼	$1.32	4.8

Continued on next page

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

...Agric. Mt. 5pc '59-89	91¼	5.45	9.80
...Wtr. 3pc 'B'	43½	6.90	9.91

Financial

...11pc UnLn '88	98⅔xd	11.17	9.40
...¼pc Uns.Ln. '90	102xd	11.65	10.50
...pcADb 89-92	95½xd	7.59	8.60
...½pc Un. Ln. 1992	111½	11.21	9.80
...pcA '91-94	96	7.55	8.50
...pcA '91-94	101	8.91	8.70
...pcLn '92-97	98½	9.01	8.55

Warburg Investment Management Jersey Ltd
39-41 Broad St, St Helier, Jersey, CI 0534 74715

Merc. Com Mkts 30/6	£61.09	62.62		1.39
Merc. T'sational 30/6	£35.46	36.36		1.13
Metals Trust 18/6	£13.92	14.26		—
Energy Int July 2	$89.62		+1.26	—
Merc Eurobond June 25	$23.73	23.76		5.12
Mercury Far Eastern Trust Ltd				
Japan Fund June 30	£53.27	55.95		0.25
Pacific Fund June 30	£49.10	51.57		2.19
Mercury Money Market Trust Ltd				
£ Managed	£10.89	11.47		—
US$ Managed	$30.15	31.75		—
£ Sterling	£25.85			—
US$	$39.88			—
D Mark	DM87.24			—
Yen	Y8,982			—
Dutch Guilder	DF120.29			—
SwFr	SFr83.09			—
Mercury Offshore Sterling Trust				
Global Fund	£1.164	1.233	+0.005	—
Overseas Fund	£1.192	1.264	-0.008	—
European Fund	£1.016	1.078	-0.015	—
Japan Fund	£1.036	1.381	-0.014	—
N American Fund	£1.129	1.194	+0.011	—
Pacific Fund	£1.272	1.355	+0.014	—
Utd Kingdom Fund	£1.647	1.743	+0.014	—
Cash Fund	£0.971	1.023	-0.006	—
Mercury Selected Trust				
Global Fund	$47.45	50.29	-0.32	0.50
European Fund	$20.05	21.26	-0.01	—
Japan Fund	$18.87	19.99	-0.45	—
North Amer Fd	$13.70	14.50	+0.05	—
United Kingdom Fd	$25.15	26.67	+0.30	0.11
Pacific Fd	$10.75	11.38	+0.05	—
Australian Fd	$10.51	11.12	+0.24	—
Hong Kong Fd	$11.00	11.68	-0.03	—
Singapore & Mlysia Fd	$10.73	11.40	-0.01	—
European Opps Fd	$10.06	10.65	+0.08	—
Japan Opps Fd	$8.75	9.27	-0.12	—
Nth American Opps	$10.17	10.75	+0.03	—
Global Bond Fd	$9.74	10.26	-0.03	—
Global Man Cur Fd	$9.81	10.33	-0.02	—
Yen Global Eq Fd	$9.40	9.92	-0.01	—
Yen Intl Eq Fd	$10.20	10.83	+0.02	—
Yen Global Bond Fd	$9.65	10.17	-0.10	—

Warburg Inv Mngmt (Isle of Man) Ltd
1 Thomas Street, Douglas, Isle of Man. 0624 23956

Merc IoM Fund	120.5	127.6		3.6
Merc Intl Bond	51.5	54.5		7.5

Wardley Fund Managers (Jersey) Ltd
HK Bk. Bldg, Grenville St, St Helier 0534 27364

Wardley Japan Trust	$11.05	11.74	+0.03	—
Wardley Gilt Fund	£1.11	1.16		—
Wardley Priv Cap Tst	$20.46	21.70	+0.22	—
Wardley Int Equity Tst	$12.45	13.22	+0.16	—
Wardley Bond Tst	$14.57	15.40	-0.01	—
Wardley Global Selection				
Australasia Equity	$10.04	10.64	+0.09	—
Canada Equity	$10.04	10.65	+0.07	—
Europe Equity	$9.81	10.41	+0.09	—
Hong Kong Equity	$11.58	12.29	-0.07	—
Japan Equity	$10.06	10.68	-0.17	—
Singapore & Malaysia	$11.13	11.81	+0.11	—
UK Equity	$10.94	11.59	+0.22	—
USA Equity	$9.37	9.94	+0.02	—
Deutsche Mark Bond	DM46.55	49.12	-0.07	—
Ecu Bond	ECU94.26	99.48	+0.20	—
Japanese Yen Bond	Y939	991	-2	—
Sterling Bond	£4.78	5.06	-0.01	—
Swiss Franc Bond	SWF47.33	49.95	+0.03	—
US Dollar Bond	$9.08	9.60	+0.03	—
Sterling Money Market	£4.81	5.06		—
US Dollar Money Mkt	$9.63	10.12		—

Wardley Investment Services Ltd
12th Floor, B.A. Tower, Harcourt Road, Hong Kong

Wardley Nikko As. Trst	$74.13	78.62		0.84
Nikko Asia Pac Trust	$10.70	11.10		—

WestAvon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

US $ Option	$1.08	1.14		—
High Income	£0.795	0.845xd		12.0
International Growth	£0.840	0.891		—
Japan Fund	£0.749	0.787		—

World Bond Fund
Managers: PO Box 190, St Helier, Jersey 0534 74715
World Bond Fund NAV $16.62 —
Inv Ad Mercury Warburg Inv Mngmt, London

World Capital Growth Fund
Managers: PO Box 190, St Helier, Jersey, 0534 74715
World CapGrowthFd NAV(z) $13.82 —
Inv Adv Mercury Warburg Inv Mngt London

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV $23.00 —

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd $19.79 —
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765

Japan Meta Growth	$12.69	-0.10	—
Yamaichi OSI Fund	$10.00		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$24.48		—
Dynamic Gwth Fd	$25.43		—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund $11.87 12.56 —

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc — Minerva Hse, Montague Cl, London, SE1 01-378 2576				
£250-£2,500	7.00	5.27	7.36	Qtr
£2,500+	9.00	6.77	9.52	Qtr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	8.20	6.00	8.64	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	8.25	6.21	8.71	Qtr
MthIntChq £1000-£5000	8.00	6.02	8.40	Mth
Mth. Int. Chq. £5,000+	8.25	6.21	8.75	Mth
AAB—Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	8.75	6.58	9.30	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	8.10	6.09	8.59	Mth
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	8.00	6.00	8.40	Qtr
Benchmark Trust Ltd Premier Account — 9 Henrietta Place, W1M 9AG. 01-631 3313				
£5,000-£10,000	9.00	6.77	9.43	6-mth
£10,001-£20,000	9.25	6.96	9.70	6-mth
£20,000+	9.50	7.15	9.97	6-mth
Brown Shipley & Co Ltd — Founders Court, Lothbury, London EC2. 01-606 9833				
Demand Acc	8.25	6.21	8.95	Qtr.
Charterhouse Bank Limited — 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	8.25	6.21	8.75	Mth
U.S. Dollar	6.25	4.70	6.58	Mth
German Marks	3.00	2.26	3.13	Mth
Swiss francs	2.50	1.88	2.60	Mth
Japanese Yen	3.00	2.26	3.13	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove W6 01-741 4941				
Money Market Plus				
£1,000-£24,999	7.50	6.00	8.45	Mth
£25,000	8.00	6.30	8.88	Mth
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	5.31	4.00	5.56	Qtr
£2,500+	7.31	5.50	7.69	Qtr
Dartington & Co Ltd — 9 The Crescent, Plymouth PL1 3AB 0752 673873				
Money Mkt Acc	8.50	6.40	8.99	Qtr
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	8.10	6.09	8.59	Mth
Legal & General (Money Mngrs) Ltd — 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	8.472	6.375	8.871	6-mth
Lloyds Bank High Interest Cheque Account — 71 Lombard St, London EC3P 3BS 01-626 1500				
£1,000-£4,999	6.50	5.50	7.73	Mth
£5,000-£9,999	7.00	5.80	8.16	Mth
£10,000-49,999	7.50	6.20	8.74	Mth
£50,000+	8.00	6.50	9.17	Mth
M & G/Kleinwort Benson — M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	8.25	6.21	8.75	Daily
Midland Bank plc — PO Box 2, Sheffield. 0742 528655				
High Int Chq Acc	7.97	6.00	8.41	Qtr
£10,000+	8.25	6.21	8.75	Qtr
M.I.M. Britannia Ltd — 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	8.25	6.21		—
NatWest Special Reserve Account — 41 Lothbury, London, EC2P 2BP 01-726 1000				
£2,000 to £9,999	8.00	6.125	8.39	Qtr
£10,000 and above	8.125	6.30	8.85	Qtr
Oppenheimer Money Mgmnt Ltd — 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct	8.625	6.49	9.11	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	8.875	6.68	9.38	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
H.I C.A. (£1,000+)	9.00	6.77	9.57	Mth
Royal Bank of Scotland plc — 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	7.87	5.92	8.29	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. 0708 766966				
H.I.B.A.	8.11	6.10	8.62	—
Tyndall & Co — 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	8.63	6.49	9.11	Qtr
Money Acc	8.47	6.37	8.94	Qtr
Client Plus Acc.	8.37	6.30	8.83	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth 0705 827733				
Special Acc	8.75	6.58	9.29	—
£10,000 and above	9.00	6.77	9.57	—
Western Trust & Savings Limited — The Moneycentre, Plymouth PL 1SE 0752 224141				
High Int Chq Acc	9.19	6.92	9.73	Qtr
Wimbledon & South West Finance Co Ltd — 114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	9.75	7.34	10.33	Qtr

NOTES—Gross. rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd — Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	8.65	6.51	9.22	3-mth
CAFCASH 7-day Fund	8.48	6.38	9.04	3-mth
The Charities Deposit Fund — 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	8.80		9.09	3-mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	8.79	6.61	9.21	6-Mth
7-day Fund	8.63	6.49	9.04	6-Mth
Dollar	5.44	4.09	5.67	3-Mth

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30⅛	22⅞	Sara Lee $1	27⅝xd	+⅛	$1.00	—	2.2
11⅛	8⅞	Saul (B. F.) $1	10¼xd	+⅛	20c	—	1.2
26¼	19⅞	Southwestern Bell $1	24⅛	+⅛	$2.32	—	5.9
18¼	14½	Staley Continental	17⅝	−¼	80c	—	2.8
44⅞	36⅛	Sun Co. Inc. $1	40½xd	....	$3.00	—	4.5
37	28½	TRW Inc. $1¼	32¼	+1	$1.60	—	3.0
32	25⅞	Tenneco $5	30⅛	+⅜	$3.04	—	6.1
187½	149½	Do 10pc Ln Stk. 91-5	187½xd	....	10%	—	5.5
26¼	17⅞	Texaco $6.25	26⅛xd	+1¼	$3.00	—	7.0
61⅞	47⅛	Time Inc. $1	59⅞	+⅛	$1.00	—	1.0
14½	11	Tracor $0.33	12⅛	−½	40c	—	2.0
26⅞	19⅞	Transamerica $1	25⅛xd	+⅛	$1.76	—	4.3
12½	922p	Transworld Corp $5	11⅝	....	20c	—	1.1
46	29¾	TRINOVA Corp	42¼	+¼	$1.00	—	1.5
20	15⅛	♥USX $1	19⅞	+¼	$0.20	—	3.7
19½	15⅛	Union Carbide $1	18⅞	+1¼	$1.50	—	4.9
35⅛	26⅞	Utd. Technologies	32⅞	−⅛	$1.40	—	2.6
38½	27	US West	33	+⅛	$3.28	—	6.1
25	17½	Waste Management $1	24½	+⅛	—	—	—
£22½	£20½	Whirlpool $1.0	£22½	+¼	—	—	—
35⅛	26	♥Woolworth $3½	32⅞	+⅛	$1.32	—	2.5

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	....	—	—	—
12⅞	50p	♥Amer. Barrick Res.	10⅝	+⅛	—	—	—
122p	52p	Armenc	79p	+7	—	—	—
19⅛	14⅞	Bk. Montreal ‖	16	+⅛	$2.00	—	5.8
10½	745p	Bk. Nova Scotia ‖	847pxd	+17	72c	—	3.9
20⅝	18	BCE ‖	19⅞	+⅛	$2.40	—	5.6
960p	712p	♥Bow Valley‖	923p	+6	40c	—	2.0
19¼	12½	♥Brascan‖	16⅞	+¼	88c	—	2.4
609p	277p	♥Breakwater Res.	374p	+8	—	—	—
11⅝	694p	Can. Imp. Bk. $2	10¼xd	−¼	$1.08	—	4.8
12	865p	Can. Pacific ‖	11⅞xd	+⅛	48c	—	1.9
42½	37½	Do 4pc Deb £100	41½	....	4%	—	9.6
27½	15½	♥Echo Bay Mines	22	+⅜	20c	—	0.4

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
140	84	Anglo-Dominion	116		—	—	—	
93	21	♥Colby Res Corp	51½	−1½	—	—	—	
*295	127	Cons. Murch 10c	245	−20	Q60c	3.4	7.6	
*70½	37½	♥Emex.Inc. Ir10p	59	+2	—	—	—	
318	151	Greenwich Res	280		—	—	—	
£12½	963	♥Hemlo Gold Mines	£10	−1/16	—	—	—	
355	189	♥Highwood Res	245	−5	—	—	—	
£25⅞	£16⅝	Homestake Mining $1	£22¼	+⅛	Q20c	—	0.6	
442	150	♥McFinley Red Lake	374	+38	—	—	—	
166	86	♥Musto Exploration	125		—	—	—	
100	37½	♥New Sabina Res C$1	79		—	—	—	
580	200	Northgate C$1	462	+4	—	—	—	
237	104	Nor-Quest Resources	182	+1	—	—	—	
£11¼	698	RTZ	£10⅞	+⅛	23.5	2.7	3.0	
£233¼	£113½	Do. 9½pcLn '95-2000	£218¼	+3	Q9½%	37.5	4.4	

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abelscot Group 10p	435		3.5	2.7	1.1	46.8
35	28	Aberdeen Am Pet 10p	32		—	—	—	—
125	110	Allied Ins. Brokers	122		L3.5	2.5	4.0	14.2
83	78	Amercorer Energy 10p	83		—	—	—	—
15½	9	Ardmore Pet. 'A'	12		—	—	—	—
78	45	Catalyst Comms. 5p	77	+1	—	—	—	32.0
200	168	Chelsea Artisans 5p	178		—	—	—	23.9
143	47	Corton Beach 10p	143	+15	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	183		—	—	—	—
265	102	Edensgrove Investment	255	−5	—	—	—	—
*62	18	Eglinton Oil Ir.5p	26	+1	—	—	—	—
41	17	Do. Warrants	19	+1	—	—	—	—
80	17	Publishing Hldgs.5p	77	−1	—	—	—	44.6
72	45½	Theme Holdings	71	+1	1.0	♦	1.9	♦
140	111	Uni Group	140ǂ		R4.6	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	86	......	Fin. 13% 97/02	£110¾	......
Craig & Rose £1	£181½xd	+¼	Arnotts	340	......
Finlay Pkg. 5p	134	+12	CPI Hldgs	57	......
Holt (Jos) 25p	975	......	Carrol Inds.	155xd	+7
IoM Stm. £1	123	+2	Dublin Gas	18	......
			Hall (R. & H.)	106	+1
IRISH			Heiton Hldgs.	41	−1
Fund 11¾% 1988	£100½	......	Irish Ropes	170	......
Nat. 9¾% 84/89	£98½	......	Unidare	380	+5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES
Saturday July 4 1987

Life companies win tax concession

BY OUR FINANCIAL AND ECONOMIC STAFF

THE GOVERNMENT has made concessions to the life assurance industry and Lloyd's of London in the Finance Bill published yesterday, which reinstates the Budget legislation dropped before the general election.

The Association of British Insurers has secured a notable concession over the taxation of capital gains by life funds.

Under the new proposals, those capital gains applicable to policyholders will continue to be taxed at 30 per cent instead of the full 35 per cent corporation tax rate originally proposed. Gains applicable to shareholders will be taxed at the new 35 per cent rate.

The ABI's case was that the proposals would have resulted in a 16.7 per cent increase in the tax on realised capital gains — cutting the investment benefits to policyholders —and would have applied retrospectively.

A statement from the Inland Revenue accepted that case and announced a review of the whole situation on life company taxation, a review that is generally welcomed by the industry.

Lloyd's of London appeared yesterday to have won a compromise over the tax treatment of the insurance market's syndicate accounts.

In Clause 58 of the April bill, the Revenue had sought to give itself powers to challenge the tax deductibility of the "reinsurance - to - close" premium which Lloyd's syndicates use at the end of each year to close their accounts so that they can share out profits and losses.

The clause horrified many of the 240 Lloyd's underwriting agents, which launched a discreet lobbying campaign among MPs while the ruling of Council of Lloyd's held talks with the Revenue.

Yesterday's bill contains a new version of the clause which says that the Revenue will still have a right to question the reinsurance-to-close premium. But this is qualified by saying that the premium will be taxed only if it exceeds a "fair and reasonable" amount.

Lloyd's is understood to have received assurances in the past several days that the Government will add more amendments next week which will further calm the fears of Lloyd's syndicates.

One senior Lloyd's underwriter said that the new tax regime would "not be materially different" from the old one. The pensions industry has only minor successes in getting the Government to change its mind on radical proposals to change pension scheme taxation.

The limits on cash sum benefits at retirement remain, as do proposals to lengthen the period over which maximum pension can be built up. Tight controls are being retained on the new style free-standing Additional Voluntary Contribution schemes.

The bill nips in the bud the growing use of building society share accounts to offset capital gains on other assets.

The bill contains only a minor concession on another point of controversy in the City: the limitation of double taxation relief on interest received by banks on their foreign loans. The change was proposed by the Chancellor to end what he called an unjustified subsidy for a practice known as "tax-spared lending."

The concession extends from April 1988 to April 1989—the starting date for the new tax regime—thus giving banks a further 12 months to adjust.

The change has infuriated bankers who say it will inhibit their capacity to finance UK foreign trade and could affect their ability to help in the resolution of the Third World debt problem. One banker said yesterday that tax-spared lending had completely dried up since the Budget, and claimed that most of this business had gone to foreign banks instead.

The rest of the bill reinstates the legislation dropped ahead of the election, with only minor amendments and additions.

Much of the bill is devoted to the introduction of profit-related pay. The measures will allow private-sector companies to set up profit-related pay schemes which will attract income tax concessions for employees.

Lloyd's relieved, Page 4

EC budget ministers stave off cash crisis

BY QUENTIN PEEL IN BRUSSELS

EC BUDGET ministers yesterday cobbled together a stop-gap solution to the Community's yawning cash crisis involving a Ecu 6.3bn (£4.4bn) deficit.

The hole in this year's budget, which had led to threats of drastic spending cuts by the European Commission, was Ecu 1.2bn larger than expected two months ago. That is mainly as a result of the failure to agree on big savings at this week's farm price fixing and the refusal of several member states to accept a consumption tax on oils and fat.

Outlines of the budget deal were agreed by the EC heads of government at their summit meeting in Brussels—including Mrs Margaret Thatcher, the British Prime Minister, in spite of her public insistence on budget discipline.

The package still ran into strong opposition from both the Netherlands and Belgium yesterday because a key element requires member states to forego payments they would normally receive for collecting customs duties and levies. Negotiations continued until after 5 am yesterday

The ever-increasing budget gap, the result of soaring farm spending, was disclosed by Mr Henning Christophersen, the Budget Commissioner. He said the hole in the 1987 agriculture budget was now Ecu 4.2bn instead of the estimated Ecu 2.8bn.

This week's farm price package managed to save only Ecu 230m instead of the Ecu 1.1bn proposed by the Commission. The rest of the increased spending was blamed by officials on the continuing weakness of the dollar, which raises the cost of EC farm export subsidies.

The deal avoids any overt loan by the member states to Brussels—by lending money covertly in the form of delayed repayments.

The biggest item, to be formally approved by EC agriculture ministers in 10 days, involves a switch to paying farm subsidies to national treasuries in arrears which is intended to cover the full Ecu 4.2bn agricultural overspending.

The most controversial item yesterday was a proposal—sanctioned by the EC leaders on Tuesday—to delay payment of the normal "collection fee" for customs duties until there is more money in the Brussels budget.

That should have produced Ecu 522m but was cut to only Ecu 400m following Dutch and Belgian opposition.

Another disguised loan was an agreement to delay repayment of a previous loan—an intergovernmental agreement sanctioned back in 1984 and due to be repaid from 1987.

Then the budget ministers decided unilaterally that the Commission was too pessimistic in its forecasts of declining revenues—expected to fall by Ecu 1.3m this year below the original expectation—and built in a margin of error of Ecu 315m to balance their books.

All the various budget trimmings should produce total savings of Ecu 1.5bn plus the Ecu 4.2bn from changing the farm payments system plus another Ecu 627m still available from the normal member states' EC budget contributions.

Mr Christophersen said yesterday expected grudging given the Commission less than it wanted and a straightforward loan from the member states would have been preferable.

The deal faces the hurdle of acceptance or rejection by the European parliament.

Parliamentary observers yesterday that the ministers had acceptance, with sharp criticism of the continuing use of 'budgetary expedients" to solve the EC financing problems. The MEPs are gearing themselves up for what promises to be a bigger and even more bruising budget battle over 1988.

Afrikaner businessmen to meet ANC

BY JIM JONES IN JOHANNESBURG

A GROUP of 50 Afrikaner businessmen and establishment figures is to have four days of talks with representatives of the ANC in Dakar, Senegal, next week.

The talks will be the first since the Botha Government placed a virtual clamp on such meetings last year by withdrawing the passports of Afrikaner students and instructing church and business groups to drop plans to talk to the ANC.

The talks, which start on Wednesday, have been organised quietly over the past four months by the Institute for a Democratic Alternative for South Africa, which was formed last year by Dr Frederik van Zyl Slabbert, the former leader of the opposition Progressive Federal Party and by Dr Alex Boraine, a former PFP parliamentarian.

The as yet un-named South African participants were invited privately for fear that the Government might interfere with their travel plans. In Cape Town yesterday Dr Boraine said names would be disclosed in London on Tuesday when all the participants had left South Africa.

He added that the people involved were influential in the Afrikaner community and had been chosen specifically so that they could not be tagged as "soft on communism"—as happened to English-speaking businessmen who met ANC leaders.

The talks have been facilitated by the France Liberte foundation, headed by Mme Danielle Mitterrand, wife of the French President.

In Pretoria yesterday Mr Stoffel Botha, the South African Home Affairs Minister, declined to comment on the planned talks or on the suggestion that the Government might revoke the passports of those involved.

Before and after the May 6 white election the South African Government firmly rejected talks with the ANC and has continued with television and radio attacks on the proscribed organisation.

Dr Boraine said the idea for the talks had come from Idasa as a means of giving South Africans a different view of the ANC than that provided by the government - controlled television and radio services. "The South Arican public has been sold a steady diet of the ANC as 'raising madmen in Lusaka' and we hope these talks will help give them a more balanced picture," he added.

"The talks themselves are an indication of the ANC's willingness to meet with white South Africans to discuss the economy, government and national unity."

Dr Boraine believed the Dakar talks would be a more formal and structured debate than previous meetings between businessmen and the ANC in in Lusaka.

● Business Day, the Johannesburg newspaper, yesterday reported that Mr Archie Gumede, the United Democratic Front president, was prepared to discuss with UDF members the organisation's participation in South Africa's tri-cameral parliamentary system.

The UDF, which is one of South Africa's largest extra-parliamentary multi-racial organisations, is regularly labelled by the Government as an ANC front. The organisation has consistently criticised the Government's racially segragated parliamentary system, which excludes black South Africans from central government.

Mr Gumede told the newspaper he had made no further progress with government officials in "talks about talks" and said the UDF's participation in the 1989 general election "possibly could serve a purpose."

He added, however, that there had been a no formal talks within the UDF on the matter.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
APV Baker	768	+ 21
Acsis Jewellery	398	+ 83
Barclays	590	+ 12
Blue Circle	527	+ 14
British Airways	163½	+ 8½
British Gas	187	+ 8
British Telecom	292	+ 12½
Charter Cons	434	+ 21
Comm Union	376	+ 8
Costain	298	+ 14
Grand Met	559	+ 13
Jones (Ernest)	242	+ 21
Kent (John)	114	+ 12
LDH	265	+ 31
Legal and General	373	+ 15
Morrison (Wm)	369	+ 50
Oliver Resources	59	+ 9
Parkdale Hldgs	238	+ 30
Plastic Constns	135	+ 10
Porter Chadburn	505	+ 60
Royal Bk Scotland	383	+ 15
Sturge Hldgs	561	+ 41
Suter	272	+ 12
Underwoods	219	+ 18
Wace Group	330	+ 70
Wimpey (G.)	270	+ 9½
FALLS:		
Ratners	337	− 26

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Dallas†	C	23	73	Madeira	F	23	73	Prague	S	23	73
Algiers	S	33	91	Dublin	C	17	63	Madrid	S	31	88	Reykjvk.	C	13	55
Amsdm.	S	20	68	Dbrvnk.	S	26	79	Majorca	S	29	84	Rhodes	S	25	77
Athens	F	31	88	Ednbgh.	F	18	64	Malaga	S	30	86	Rio J'o		—	—
Bahrain	S	40	104	Faro	S	29	84	Malta	S	33	91	Rome	S	27	81
Barclna.	S	27	81	Florence	F	34	93	M'chstr.	S	21	70	Salzbrg.	F	25	77
Belfast	F	19	66	Frankft.	F	25	77	Melbne.	F	13	55	S F'cisc†	C	14	57
Belgrd.	S	31	88	Geneva	S	25	77	Mx. C.		—	—	Seoul	F	29	84
Berlin	S	22	72	Gibraltar	S	25	77	Miami†	S	29	84	Singapr.	R	28	82
Biarritz	F	23	73	Glasgow	F	18	64	Milan	S	29	84	S'tiago		—	—
Bmghm.	F	21	70	G'rnsey	S	19	66	Montrl.†	R	17	63	Stckhm.	F	19	66
Blackpl.	S	19	66	Helsinki	S	20	68	Moscow	S	22	72	Strasbg.	S	26	79
B. Aires		—	—	H. Kong	F	31	88	Munich	C	23	73	Sydney	S	15	59
Bombay	Dr	24	75	Innsbrk.	F	25	77	Nairobi	F	24	75	Tangier	S	27	81
Bordx.	S	24	75	Invrnss.	F	18	64	Naples	S	30	86	Tel Aviv	C	28	82
Boulgn.		—	—	I.o.Man	F	16	61	Nassau		—	—	Tenerife	F	25	77
Bristol	F	22	72	Istanbul	S	27	81	Nwcstl.	F	21	70	Tokyo	R	23	73
Brussels	S	21	70	Jersey	S	21	70	N Delhi	S	39	102	T'ronto†	C	19	66
Budpst.	F	30	86	Jo'burg	S	17	63	N York		—	—	Tunis	S	32	90
Cairo	S	31	88	Leeds	F	21	70	Nice	F	28	82	Valencia	S	31	88
Cardiff	S	22	72	L. Plms.	S	25	77	Nicosia	S	28	82	Venice	S	30	86
Cape T.	F	17	63	Lisbon	S	28	82	Oporto	F	20	68	Vienna	S	24	75
Chicago†	S	22	72	Locarno	C	27	81	Oslo	F	21	70	Warsaw	F	22	72
Cologne	F	23	73	London	S	22	72	Paris	S	23	73	Wshgtn.	F	24	75
Cpnhgn.	F	17	63	L. Ang.†	C	16	61	Peking		—	—	Wellgtn.	S	11	52
Corfu	S	28	82	Luxmbg.	F	22	72	Perth	C	15	59	Zurich	C	23	73

C—Cloudy. Dr—Drizzle. F—Fair Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Flag dispute forces Short to curtail production

BY OUR BELFAST CORRESPONDENT

SHORT BROTHERS, the state-owned Belfast aircraft company, last night, shut down virtually its entire production because of the continuing row over the flying of Ulster Loyalist flags inside its plant.

The company's decision puts the vast majority of its 7,000 employees out of work until a solution is found to the dispute. Production of commuter aircraft, aircraft components and guided missiles for world markets has been stopped.

The row flared this week when 2,000 workers walked out in protest against manageemnt taking down flags erected for the July 12 commemoration of the Battle of the Boyne.

There have been similar but less serious disputes in some other Ulster factories in the past week, as companies sought to reduce the level of "intimidation" of their Roman Catholic employees.

Sir Philip Foreman, Short's chairman, had already warned he would close production areas if employees did not abide by company rules.

Last night the company said that for the second day widespread intimidation and picketing at factory gates had stopped several thousand workers from getting in.

The company said the majority wanted to come to work. The situation facing the company was serious and the threat to jobs was real.

The statement said Short Brothers wanted to make clear there was no agreement, as some employees had claimed, allowing the flying of flags anywhere inside the plant. Company rules forbade such displays and anyone putting up flags or refusing to take them down would be disciplined.

Recent events showed that a minority of the labour force were intent on defying the company and disrupting operations. The company said it had given time for common sense to prevail but, faced with disruption, it had no alternative but to close the main plant and two smaller factories near Belfast.

These areas were shut down at the end of yesterday's day shift and the company said they would stay closed until the management, dealing with trade union representatives, was satisfied that operations could resume "in an atmosphere free from intimidation."

The company said: "We will not compromise on this issue."

The Confederation of Shipbuilding and Engineering Unions in Belfast has called for a return to work and said the workplace should be politically neutral. But attempts to persuade hard-line Loyalists in the labour force to accept company rules have been rejected.

GrandMet announces distribution deal with Martell

By Lisa Wood

GRAND METROPOLITAN, the hotels, brewing and wine and spirits group, yesterday announced a distribution agreement with Martell, the French cognac house, under which Grand Metropolitan has taken a 10 per cent stake in the business at a cost of about £30m.

The deal, in the face of international competition, will strengthen GrandMet's spirits distribution network, particularly in the Far East.

It is the second large deal this year between French and British liquor companies. Moet-Hennessy, the French champagne and cognac company, last month agreed to merge its distribution networks in the US, Japan and the Far East with Guinness, the drinks group.

GrandMet, through its International Distillers and Vintners subsidiary, will be establishing a means by which it and Martell will distribute and market each other's brands in certain territories.

Mr Tim Ambler, deputy managing director of IDV, said: "Where we have a strong distributor we will handle all the brands and vice versa. In some situations we will put them together." He stressed that the strategy was long term and said contracts with other distributors would be honoured, and in some cases extended.

The agreement excludes the UK, where Martell cognac will continue to be distributed by Matthew Clark, and the US where it is handled by Brown-Forman, the Kentucky-based drinks company. Mr Ambler said there was no intention of changing the status quo in these markets.

Martell, which is family-controlled, showed a steep drop in net income for the year ending June 1986. It fell to FFr 105m (£10.6m) from FFr 160m in the previous year. The company attributed the decline chiefly to a 32 per cent depreciation of the Hong Kong dollar. Martell realises more than 30 per cent of its cognac sales in the Far East.

Martell Cognac is estimated by Impact International, the international drinks research organisation, to be the second largest cognac house with about 19 per cent of cognac shipments. Other leading brands are Hennessy, owned by Moet-Hennessy; Courvoisier, owned by Hiram Walker; and family-owned Remy Martin.

European and North American drinks companies are seeking to increase sales of their brands in the Pacific Basin.

Mr Ambler said Martell's network of distributors in the Far East would considerably strengthen IDV's representation there. In addition, Martell's premium-priced cognac is seen as a strong addition to IDV's portfolio of internationally sold brands, which include J & B Scotch, Bailey's Irish Cream, and Smirnoff vodka.

M/C 1 8/8½

IDV is one of the fastest growing alcoholic drinks companies. Last year it acquired Heublein, the US wine and spirits company for $1.2bn (£800m) from R. J. R. Nabisco.

Mergers, acquisitions and the setting-up of joint distribution companies by drinks companies has been the outstanding feature of the international liquor trade in recent years. The process is expected to continue as companies strive to increase their share of a stagnant market.

GrandMet shares closed 13p up at 559p yesterday.

Pub hours move, Page 3; Deals in drinks industry, Page 7

Continued from Page 1

Inside dealer

Consequently, in face of Labour and other criticism that Mr Collier's punishment is insufficiently severe, ministers have been stressing that insider dealing was made a crime under the present Government and that all parliament could do was to increase resources for investigation and penalties.

Mr Francis Maude, the corporate and consumer affairs minister, has argued that the "speedy and successful conclusion" of the Collier case has shown the Government's determination to crack down on insider dealing.

There has also been some private criticism at Westminster of the involvement of Mr Robert Alexander, the chairman of the Takeover Panel, who appeared on behalf of Mr Collier in making a plea of mitigation.

In a letter to the Times yesterday, Mr Alexander denied that there was any conflict of interest. He defended his role as a barrister in repreesnting Mr Collier before the courts which, he said, did not imply he condoned the offence. He noted that he had agreed to represent Mr Collier "well before" he was approached to become chairman of the panel.

THE LEX COLUMN

Sonic boom over the City

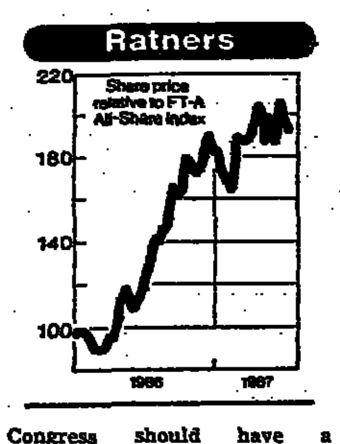
This week the London equity market broke through its own equivalent of the sound barrier: the yield on the All-Share shrank to less than a third of the return on a long gilt. And just as flight-pilots of the subsonic age expected strange and unpleasant things to happen when they finally broke through the sound barrier, so the pilots of the equity market have regarded the gilt yield multiple of three times the All-Share as the trigger for a sell-off of shares.

In one sense the "big three" has no meaning other than as an untested rule of thumb. There is after all no effective difference between a multiple of 2.99 and a multiple of 3.01. And, more to the point, if the market really does have an exuberant view of the prospects for sustained real dividend growth from the corporate sector, then this is just the way it will be expressed, particularly if that coincides with temporary concerns about sterling.

Perhaps it is no coincidence that the stockbrokers are now coming out with their forecasts for aggregate corporate earnings for next year. It may seem a bit early in the year for such projections but the City is in the uncomfortable position of having to rationalise share prices which have cut loose from historic measurements of value.

Yet it is only in the past couple of days that the equity market has broached the level attained on the morning after the general election. Not surprisingly, dusted-off stories of Japanese buying are chiefly responsible for the flurry in the market. It must be splendid to be a Japanese investor in the UK equity market. All you need do is buy, tell the world you have bought, and then take your profit.

Index rose 23.9 to 1818.5



Balancing act

The idea apparently current among world leaders that economies can be controlled like household budgets has only one merit—simplicity. President Ronald Reagan's Independence Day "truth in spending" plan to help balance the US budget is exactly the sort of homespun philosophy which charcterises his administration's failure to get to grips with the deficit problem.

The requirement that every spending proposal to go through Congress should have a financing method attached — spend less on something else, sell an asset or raise income— may be just the way a householder considers buying a new car, except that it seems to exclude hire purchase. But whereas a car buyer can look at his budget in isolation, the mass of converging or conflicting internal and external influences on a country's budget makes the domestic analogy unreal. A better comparison might be with corporate America — much of which is gearing itself to the eyeballs to finance growth.

Merger politics

Shareholders in the SDP Group will next week be receiving the first documents of a most intriguing takeover battle. The bidder, as is usual in such situations, prefers to describe the offer as a merger, or—even more euphemistically — as "democratic fusion". The SDP Group has not yet chosen its merchant bank adviser, perhaps because the board is completely split. But it should not delay: the bidder, with nothing in the balance-sheet but depreciating goodwill, seems poised to take over some lucrative assets for no cash consideration. In particular the SDP Group central computerised membership system is a fine little direct-mail business, with outstanding add-on possibilities.

The key to the financial sense of the deal could well be the attitude of the SDP's largest supplier, Mr David Sainsbury. If the SDP shareholders vote to accept the bid, the SDP chief executive and his close followers will not join the merged group, then the deal will have reserve his considerable financial support for that breakaway group then the deal will have to rely on less tangible assets for justification. Whether or not the bid succeeds, it appears likely that this sector of the market will remain fragmented, which does not augur well for further gains in market share.

Ratners

When it comes to offering glitter at low prices no one beats Ratners. The question is whether Ratners's shareholders will regard yet another rights issue even before the last one has closed as cheap and cheerful, or not cheap and nasty. Those of them who are are also underwriters will at least have the sweetner of a third dollop of underwriting commission as recompense for what is in effect a rewriting of the terms of the May issue. Shareholders who accept both rights offers will be taking the equivalent of a very heavy five-for-eight issue.

The logic of the bid for the US jewellery group Sterling is clear and investors should have little difficulty accepting it. Ratners's UK chain cannot spread beyond 1,000 stores and with the Ernest Jones acquisition and the rate of organic growth that number will be reached in a couple of years. Rather than go for a different retail sector—something which Ratners seemed happy to do when it bid for Combined English—overseas expansion in the same field is the answer.

But the speed with which the second rights issue was arranged demonstrates just how quickly the decision to buy Sterling was made. A quick trip around some of the stores and what must have been—in relation to the size of the deal—a brief meeting with the existing management is the basis of the acquisition which is to take Ratners into the next century. At least it has the grace to concede that it is in no position to impose its UK style on the US business.

Ratners itself must be taking quite a bit on trust, as well as paying a hefty price, and is in turn asking its shareholders to do the same. If it succeeds with Sterling, no doubt shareholders will get the chance to subscribe to the next leap forward.

WEEKEND FT
Saturday July 4 / Sunday July 5 1987
• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Cambridge — eggheads and chips

Peter Marsh investigates the network of connections which has made the university city the fastest-growing centre in Europe for high-technology businesses

THE YOUNG electronics engineer, dressed in khaki shirt and jeans, looks up from his computer screen, on which he is designing a set of circuits for a new microchip, and talks enthusiastically about the power of his machine. "He's doing a tremendous job," says the man's boss, Peter O'Keeffe, managing director of Qudos, an electronics company on Cambridge's science park.

The engineer, Glenn Nicholls, has just returned from a six-month stint at Cambridge University's computer laboratory, where he learned about the latest thinking in graphics software. Qudos did not have to pay for its employee to receive what amounts to an extended tutorial at one of Europe's leading centres in computer science. The company has excellent links with the laboratory: and Professor Roger Needham, the laboratory's head, knows that O'Keeffe will repay the favour one day, perhaps with a word of advice or with financial help for a research project.

This anecdote, trivial in itself, describes one aspect of the network of connections that has made Cambridge the most exciting and fastest growing centre in Europe for high-technology businesses. At the last count, the city and its immediate surroundings contained more than 400 such companies. Numbers are increasing by about 30 a year, all in a relatively small, compact community of 250,000 people.

Positive attitudes

The Cambridge phenonemon, as this growth of technology activity has been labelled, has been the subject of intense scrutiny. The city receives a stream of visitors from all over the world.

Much of Cambridge's success can be ascribed to the generally positive attitude taken, over the past 20 years, by the city's university towards technology oriented industry.

Other regions, assuming they have a world class academic institute on their doorsteps, could attend relatively easily to building a science park, or involving industry with researchers in other ways.

They would, however, find it far more difficult to replicate the main driving force behind the Cambridge effect — the web-like pattern of social links which connects the key people in the area to top individuals in the technological community, both in Cambridge and outside.

These links help the Cambridge companies in innumerable ways, such as raising money, gaining technical or managerial advice or finding employees. Alan Grayer, a partner in Three-Space, a Cambridge software company, says that most business problems in the high-tech city can be solved by two telephone calls. "The first is to someone else in Cambridge and the second is to the person he puts you in touch with — who could be anywhere."

Qudos, set up 18 months ago and with a staff of 16, illustrates the Cambridge connection. One of its directors is Haroun Ahmed, the head of the university's microcircuit engineering department, whose work is partly financed by concerns such as the General Electric Company and British Telecom. Another director is Hermann Hauser, formerly of the university's physics department, the joint founder of Acorn, the Cambridge computer company. Acorn is owned by Olivetti, the Italian electronics giant for which Hauser now works as vice president in charge of research.

A third director is Andy Hopper, an energetic 33-year-old. Besides piloting his own aeroplane and owning a farm, he combines a post at the university's computer laboratory with running Olivetti's Cambridge research centre. Like Hauser, and also O'Keeffe, Qudos's managing director, Hopper worked at one time for Acorn. A further useful link is that Qudos is backed financially by a venture-capital concern set up by Cambridge Consultants, a 200 person-strong research consultancy in Cambridge which is one of the oldest and best connected of the city's high-tech companies.

Cambridge Consultants, which was bought in 1972 by Arthur D. Little, the US consultancy group, was started in 1960 by a group of entrepreneurially minded graduates, led by Tim Eiloart. Eiloart, who had previously drawn attention to himself by attempting to cross the Atlantic in a balloon, was responsible for bringing to Cambridge the man who has become probably the best known of the city's high-tech alumni, Clive (now Sir Clive) Sinclair. The home-computer pioneer moved to Cambridge in 1961 to set up his first company, Sinclair Radionics, in premises partly owned by Cambridge Consultants.

Eiloart was one of the first people in Cambridge to demonstrate that starting your own technology-based company was not too difficult, and could be fun. This power of example wys to become very important.

"People in Cambridge, working in laboratories or perhaps existing companies, could see their peers running a business that was both successful and interesting. They wanted to emulate what was happening," says Lewis Isaacs, a Cambridge solicitor who has observed the city's high-tech growth over the past 19 years.

Influenced, at least indirectly, by the exploits of Eiloart and Sinclair, more than a dozen ex-Cambridge Consultants employees have left to form their own firms. Among them are Gordon Edge, founder of the technical arm of PA, the consultants; Ian Barron, who started Inmos, the UK microchip company now owned by Thorn EMI; and Graeme Minto, founder of Domino Printing Sciences.

Spiritual founders

If Eiloart can be regarded as one spiritual founder of the Cambridge phenomenon, two others are Professor Maurice Wilkes and Arthur Llewelyn. This may seem paradoxical: unlike Eiloart, neither Wilkes nor Llewelyn started their own companies, nor would they have wished to. Rather than setting examples, both helped — sometimes unwittingly and for the most part in an unplanned way — to lay the ground for people with entrepreneurial instincts to make their mark in the city's high-tech scene. Wilkes was for 34 years in charge of Cambridge University's computer laboratory, a job he relinquished in 1980 to Roger Needham. Llewelyn, meanwhile, was the first director of the Cambridge Computer Aided Design (CAD) Centre, a government laboratory started in 1969.

Wilkes, one of Britain's foremost computer theoreticians, is in his 70s. He still lives in Cambridge, where he works in the laboratory Olivetti has set up in the city. The professor, who admits he was too busy enjoying being a Cambridge don ever to think of starting his own firm, attracted to his university laboratory some of the world's best intellects in computers, in particular in the area of computer-aided design, a research activity which started in Cambridge in 1965. Many of these people later went on either to found their own companies or to assist those which had already started. Of the last 28 PhDs produced by the computer laboratory, half have taken jobs in the Cambridge area.

The existence in Cambridge of a strong CAD group was one reason why the Ministry of Technology in the 1960s Labour government decided to site the new CAD Centre in the city. Llewelyn, a MinTech official who had previously worked on ballistic missile projects for the Air Ministry, was put at the helm. The quietly spoken director, known as Uncle Arthur to many at the centre, saw himself in a key role in injecting ideas about CAD into the commercial world. The goal was fulfilled, albeit in an unexpected way. As a result of a series of financial crises at the centre, staff were sufficiently unsettled to look around for other jobs. Many handed in their notices and started their own companies.

Of these, a dozen or so have survived, the most successful of which is probably Cambridge Interactive Systems, now owned by Computervision of the US.

What is the future for the Cambridge high-tech companies? Most are small, with no more than 50 or so employees, and judging by the past ten years are likely to remain so. Few of the companies have shown themselves able to grow to reach the size and status of a large business without being taken over by a large (often foreign-owned) concern.

Some would argue that this is irrelevant. They include many of the Cambridge high-tech entrepreneurs themselves, among them Jack Lang, of Perihelion, an electronics company in the city. "The Cambridge companies have 15,000 employees and a combined turnover of £1.5bn," says Lang. "That's equivalent to one large company. The small companies are more stable, easier to manage and more satisfying to work for. Some of them will die, but that's equivalent to the large firm having a few unsuccessful projects."

Richard Cutting, an experienced observer of Cambridge, who now works in Connecticut as vice president of advanced development with Pitney Bowes, the US mailing-equipment company, points out that much of the instinctive regret felt when a company merges with a larger unit "is purely an emotional reaction."

"Such events are neither good nor bad; they are just the way things evolve," says Cutting, who until 18 months ago ran Sinclair Research's Cambridge laboratory after working for 12 years as managing director of Cambridge Consultants.

Others disagree with Cutting's analysis. Arguing from a wider viewpoint, they say that small science-based companies must be able to grow, using infusions of managerial talent and finance, to achieve economies of scale and to become large-scale creators of wealth and employment. One disciple of this view is Sir Monty Finniston, the former chairman of British Steel and one of the "grand old men" of British industry. While welcoming the growth of small high-tech firms, Sir Monty says he wants to see more big concerns employing large numbers of people. "The small businesses don't operate on a scale that makes a significant contribution to what we are looking for."

Infusions of talent

This divergence in views apart, how widely can the lessons of Cambridge be applied elsewhere? Many parts of Europe are experiencing Cambridge-like "mini booms" in high -tech industry, for example around Reading and Swindon in the UK, near Grenoble in France, and around Munich in West Germany. Most of these regions, like Cambridge, are in the wealthier parts of Europe, in suburban or rural areas which are near pleasant countryside and well served by motorway links. The real challenge, many argue, is to get science-based commercial activity to thrive in economically depressed areas, such as in the Ruhr or around Liverpool.

Sir Clive Sinclair says that Britain, in particular, would do well to recognise that small, technology oriented companies, developing along the lines of those in Cambridge, are likely to provide the lion's share of future economic growth. "There is something about the British psyche," says Sir Clive, "that produces better results in small groups than in large ones."

In the UK context, the Cambridge model, emphasising the small-scale, academically inclined approach to technology, fits in with general cultural attitudes. It does not clash with the nation's widespread aversion to industry as a whole. This aversion is manifested in any number of ways, from a general lack of interest in manufacturing among the country's social elite to Britain's poor record over the past 150 years in teaching children about technology. "Running a small business is not like being involved with a large company," says Jack Lang. "It is a gentlemanly pursuit."

David Keeble, a geography lecturer at Cambridge University, who advises the European Commission on high-technology expansion patterns, says the Cambridge academic community admires the city's scientific entrepreneurs not because of their connections with industry "but because of their newness and success. These people are not associated with dark Satanic mills, and this helps their image."

A similar opinion comes from across the Atlantic. Martin Wiener, professor of history at Rice University in Houston, Texas, chronicled the downturn of Britain's traditional industry in his book English Culture and the Decline of the Industrial Spirit, published in 1981. Small, science-based companies, according to Professor Wiener, "provide a sense of optimism and openness" and dilute the tendency to consider only large companies when discussing industry.

Role models

Most onlookers return to the conclusion that the most important side of Cambridge is the people who make up the city's social network. They are individuals who would be difficult to replicate—short of massive and untried experiments in genetic engineering. Back in Cambridge, there is every sign that the contacts and the role models provided by the network are still exerting a powerful role. In other words, in seeking to explain the Cambridge effect, psychology is just as important as technology.

Flare Technology, a Cambridge electronics company formed by three former engineers at Sinclair Research, has just sent out invitations, on tasteful pink paper, to its first birthday party. The company is busy working itself into the city's social structure, helped by the fact that two of the founders are Cambridge graduates. John Mathieson, one of the directors, admits that Sir Clive himself has exerted a heavy influence. "Seeing someone like him do so well, and make a lot of money, acted as an inspiration. But we think he made mistakes, and we think we'll do better."

The Long View

Exit Collier—but questions remain

The Collier affair raised considerable indignation for one day this week and then faded out; but it seems to Anthony Harris to raise technical rather than moral issues which merit longer attention

GEOFFREY COLLIER'S abuse of his position ended a promising career and left him with a mere £700,000 as a consolation prize. This fate seemed so pitiable to the court which judged him that he did not have to go to jail. We should all be so lucky.

That, according to most commentators, is all there is to be said about the matter; but while I have no sympathy at all with the undeserving Collier, and only a little for the real victims—the colleague who failed to find out what he was up to —there are some really puzzling issues here which are not being discussed in the brief furore about the sentence.

First, there is the legal issue. Does the law under which Collier stood trial make much sense? The Japanese evidently do not think so. The Tokyo market has permitted insider trading throughout its history; people are expected to deal on the basis of knowledge.

Now, under pressure of internationalisation, the exchange is contemplating a law against it, to bring Tokyo into line with New York and London. Dealers regard this as a Western oddity, but they are philosophical about it. No one, as they explain to inquiring journalists, will actually be expected to stick to the new rule.

This might sound a shockingly cynical attitude, but cynicism surely is preferable to sheer hypocrisy. Insider dealing has been illegal in London for some 15 years and Collier is only the second "criminal" brought to book; any sensible investor or journalist must assume, as do the Japanese, that the law is not obeyed.

One good reason, then, for thinking that Collier should have been left to the judgment of his colleagues (who would surely at least have de-bagged him before throwing him out) is that laws which are not enforced bring the whole law into contempt.

That contempt is not reduced by judges who read lectures on the high standards of morality prevailing in the City, which must greatly surprise those who trade there, or politicians who throw up their hands about the unbridled greed shown up by the case.

Greed is what bull markets are all about, and those who are prepared to be greediest on our behalf get the highest salaries. The odd people in the City are not the greedy but the occasional high-grade moralists (like, say, David Hopkinson of M and G) who make a go of it. They are usually regarded by their colleagues as a bit of an inspiration, but rather more of a nuisance.

The City does have one virtue which moralists might claims as theirs: it keeps its promises. "My word is my bond" is not really a moral statement, though, but a factual description of how trading floors function.

Markets in stocks, options, commodities and futures would simply seize-up if nobody knew whether they had traded or not; unreliable people, therefore, have to be frozen out. Even so, the rule is enforced not by preaching the common good, but by sticking little labels on the traders.

Do these distinctions matter? I believe they do. The professionals are not deceived in the first place; but it is certainly not helpful for the small investor to go into the market full of illusions which the high-toned claptrap of judges and politicians might encourage.

The question arises in a very practical form in the complaints from many practitioners about the encyclopaedic rule-books now being imposed by the SROs. They say that compliance costs will be high, and the chances of transgressing by accident equally high.

The regulators are totally unimpressed. Their job, as they see it, is to ensure investor protection — and, what is more, to provide redress. Can they deliver, though? Many of the rules seem likely to be about as effective as those against insider trading itself, so the promise is likely to prove deceptive.

It is enlightened self-interest which will promote high standards; some big companies are clearly likely to establish themselves as the Marks & Spencer or Sainsbury of financial products. The reputation of M & S does not rest on the operations of the weights and measures inspectorate.

Indeed, they might have found it much harder to persuade their potential customers to pay premium prices if every market stall bore a sign claiming that it was approved by the Skirts and Inner-wear Board; in the same way, the real-life SIB could slow the progress of sound financial supermarkets.

Let us assume, though, that the market is wholly persuaded by this column and refuses to believe that insider trading and other greedy practices can be abolished by making rules against them. Does this do any harm?

The idea that share price manipulation by insiders and others is normally a victimless crime has had a good airing, and I certainly share the view that making prices respond to information does some real service to the market.

There is another side to the picture, as Professor Colin Mayer has pointed out to me. This rests on the theory that the ordinary "outside" investor will tread warily if he believes he is dealing with others who may have inside information, requiring a margin to protect him against being "had." Thus, suspicion can drive up yields in general and so increase the cost of capital.

This seems plausible, and is consistent with the fact that new issues are systematically under-priced (punters would not believe an honest valuation) and that take-over bidders find it worthwhile to pay big premiums over market prices.

But what can be done about it? Not, if my arguments are right, by making rules against insider trading; but quite effectively, so far as it can be achieved, by abolishing inside information. Greater disclosure would not entirely abolish opportunities for the Colliers of this world, but it would make markets more efficient in the important sense—providing investment capital at minimum cost.

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City's choppy ride

DEALERS have had no need to travel to Henley to find choppy waters—another week of see-sawing share prices was written large on their screens.

In fairness, it was a more consistent tide than in the previous week, down steadily for the first three days followed by a more-than-compensatory rise for the next two.

The rationale, however, remained a trifle muddy. In theory, last weekend's agreement among Opec members in Vienna over new, tighter production limits — which subsequently pushed oil prices to a 17-month high — should have been good news for the pound, a bit of cheer on the interest front, and generally positive for equities.

In practice, the pound fell back on Monday—with profit-taking the only semblance of a reason—and both the gilts and equity markets suffered accordingly, leaving the FT 100-Share Index a couple of points lower.

On Tuesday, matters brightened as sterling rallied. But traders who sold June Footsie options as an election gamble while purchasing underlying index stocks were still busily unwinding positions, with consequent stock overhang.

Wednesday brought a return to cash call worries; and in the absence of much overseas support, Footsie lost over 14 points. Only on Thursday did the mood change; even then, business was relatively thin although signs of overseas interest helped to push the 100-share almost 28 points higher for one of its best one-day gains since the election.

Friday, though, was a joy—share prices soared away in tune with the sunshine outside, a strengthening pound, Wall Street's rise, and institutional demand both at home and from overseas. That left Footsie at a new record of 2328.1, up 36.8 on the week.

The gilts market was no more settled. After rallying from Monday's setback, prices slid back fairly sharply on Thursday

London

— apparently more concerned about calls on the market and the fall in gold and currency reserves than sterling's improved performance. The yield on high coupon longs stretched back to 9.23 per cent by Thursday evening—a return to pre-Budget levels.

In a fairly quiet week for results, GEC was perhaps the highlight. The electronics giant —Britain's biggest employer in the manufacturing industry — has been every shareholder's despair for years now, so news of a 23 per cent rise in the year's dividend more than compensated for a 4.7 per cent slip in pre-tax profits — much as expected — to £668m. The shares bobbed up by 5½p to 247p.

The dip in profits, moreover, was due to a fair number of special factors—the main ones being a £24m exceptional item relating to the cancelled Nimrod contract and a £30m drop in profits from equity sales. Although the £1.7bn cash pile is still sitting there, the scale of the dividend increase added grist to the mill of those analysts who believe there is more dynamism abroad at the company—a result, perhaps, of City disgruntlement and inevitable rumours of a mega-bid by the likes of BTR or Hanson.

The shares have already come up from the 185p-level at the start of the year; and with anything between £750m and £770m predicted for this year, the prospective PE stands at around 13 times.

By contrast, shares in Mercury International Group—soon mercifully to revert to its more familiar Warburg tag—slipped 8p to 446p on the same day as the company accompanied news of a 7 per cent profits advance to £98m with a £131m cash call. But they quickly recouped those losses as the market realised that the second "Big Bang" half had been particularly creditable.

The bulk of the advance, admittedly, was due to the buoyant fund management side—but, despite the absence of mega-bid activity, the corporates finance side still managed to push ahead.

Others hitting the acquisition trail also took their toll on investors' pockets. WPP, having clinched board backing for its audacious JWT Group bid, decided over the weekend that it could afford to tap shareholders—or underwriters—for the balance to fund the higher terms. Up went the rights issue funding from £177m to £213m.

With the sub-underwriters again enjoying success-related commission for a deal which now looks almost certain to go through, the show of British boldness appeared to be proceeding smoothly. Come Thursday, however, the news was less encouraging — Ford Motor Company decided to switch its business away from JWT in favour of Ogilvy and Mather and WPP shares slipped to £10, down 65p on the week.

Ratners, the jewellery chain which bowed out of the recent bidding for Combined English Stores, also turned again to shareholders — after an £82m rights issue in May, the company is now adding an additional £122m cash call.

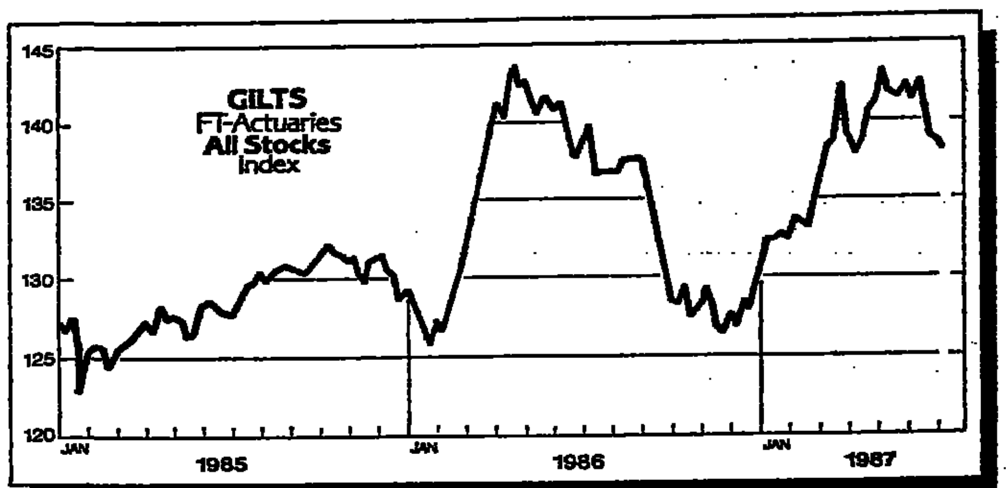
The money, though, goes straight toward the £126m purchase of Sterling Inc, the fourth biggest jewellery chain in the US. As if that were not enough, Ratners also announced that it is buying the 61 Ernest Jones jewellery shops in the UK, this time for £25m. The agreed deal had been predicted widely after Ernest Jones had jumped 68p to 223p on Wednesday on news of an approach.

Over on the publishing side, the stress of deals continued. This time, it was the turn of Reed International—which last month shed its paint and DIY interests in a £285m deal to Williams Holdings—to shell out £535m for Octupus, the independent publisher headed by Paul Hamlyn and operating under the names of Heinemann, Secker and Warburg and Mitchell Beazley. The company will become a separate operating group within Reed.

Even the insurance sector saw its share of excitement — a £254m agreed merger between Willis Faber and Stewart Wrightson. Together, the two brokers will create the world's fifth-biggest insurance broking group.

Contested bid activity, it seems, might be having a lull—but on the agreed front, large-scale shuffling continues apace.

Nikki Tait



Ealing seeks buyer

IT IS in the nature of USM companies that substantial proportions of their equity are concentrated in a limited number of hands. Many are family-run groups which have made their first tentative steps on to the stock market, while keeping control; others are spin-offs from publicly-quoted companies, where the parent has retained an interest.

At times, these stakes can lend a certain stability to the shares, at the expense of reducing the liquidity of the stock. But when rumours start that the stake might be changing hands, the share price can go all over the place and investors can find that their investments are transformed overnight.

At Ealing Electro-Optics a major stake has been overhanging the market for several months. The company was founded back in the 1860s when it was a microscope manufacturer; and in 1968 it was acquired by the US-based Ealing Corporation, eventually joining the USM in 1985.

Last year, however, Ealing Corp agreed to merge with another company, Sherborn, owned by Mr P. Grindle, Ealing's chairman. Loans to finance that deal were provided by Sleipner UK, part of the Norwegian finance company Nevi, and partly repaid by the transfer to Sleipner of Ealing's 40.5 per cent stake in EEO.

Sleipner gave undertakings not to transfer any shares or acquire a larger holding in return for a dispensation from the Takeover Panel, allowing it to opt out of making a full bid for the company.

That dispensation expired on July 1, but on Thursday, Sleipner undertook to find a purchaser at not less than 150p in cash by September 30. If no outside buyer can be found, then Sleipner will make the offer itself.

So, EEO shareholders have had an effective floor of 150p placed on their shares, which had never previously breached that level and which had considerably underperformed the market over the past year. EEO's management and workforce, however, are faced with the prospect of a takeover by a (so far unknown) bidder. The

Junior Markets

shares closed up 13p on the day of the announcement at 145p.

Christie's International, the auctioneer, held a 55 per cent stake in CCA Galleries before floating it on the USM two years ago. The flotation allowed it to cut its stake to 35 per cent but this week that holding was sold to an unusual group of investors.

Major stakeholders in CCA, which retails prints, paintings and sculptures, now include Paul Dupee, an American financier who also owns 20 per cent of London Investment Trust (which despite its name is a futures and options broker); Conifer, a record company; BMB-H Investment, a company jointly owned by the Bahrain Middle East Bank and the J. O. Hambro Group; and Peter Blond, who runs a textile company.

These investors were apparently chosen by CCA and will be offered non-executive board posts. So on the surface, one major friendly investor has merely been replaced by a group; apart from a marginal increase in liquidity, the effect on the shares might be expected to be slight.

Yet, the share price bounced back after suspension to rise 46p to 152p, indicating that almost any shift in share ownership can excite the markets.

And while a lot of market attention has been paid to new issues like Sock Shop, one of the hottest performing stocks on the USM this year is an estate agent called Glentree, based in North London. Placed at only 16p last November, Glentree's shares have reached as high as 315p in the last few weeks.

The reason is not that Glentree's trading performance has been spectacular or even that it has made some shrewd acquisitions but that a large stake—54 per cent to be precise —has been taken by David Thompson, one half of the partnership which built up Hillsdown Holdings, one of the market's favourite conglomerates.

Hillsdown had so much success in acquiring food companies that the market obviously believed that the Thompson "magic," even though he was not taking an executive role, could work just as well in the financial services sector.

Finally, the week should not pass without saying goodbye to the first Third Market company to take its leave—Ardmore Petroleum. It really was a short and sweet career on the market for Ardmore, an Irish exploration company, since it lasted less than two months before succumbing to the blandishments of Tuskar Resources.

The I£8.2m (£7.45m) deal at least left those investors who had received Ardmore shares in the placing with a profit. Ardmore was capitalised at only I£6.6m (£6m) when it joined the junior tier.

Philip Coggan

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 High	1987 Low	
FT Ordinary Index	1,818.5	+27.8	1,818.5	1,320.2	Signs of overseas demand
Acsis Jewellery	398	+230	398	17	"Shell" hopes after Windstorm bid
Blue Circle	527	+26	527	335	Cement price increase from August 1
BP	401	+22	401	238	Prospects for Government share sale
British Vita	558	+62	558	288	German acquisition
CCA Galleries	175	+69	212	73	Christies Int sells 34.9 per cent stake
Carless Capel	148½	+29	148½	75½	Broker's recommendation/bid spec
Commercial Union	376	+23	376	268	Cont buying after Paris listing
Davy Corp	203	+36	203	154	Pleasing annual results
Jones (Ernest)	242	+86	242	86	£25m offer from Ratners
Lanca	132	+47	138	44	Asset injection prospects
London International	351	+35	430	238	Prospects for new birth control kit
Lonrho	292	+26½	303	223	"Today" disposal
Mercury International	475	+30	475	347	Better than exp prelims/£131m rights
Octopus Publishing	490	+122	490	251	Agreed bid from Reed Int
Porter Chadburn	505	+188	505	235	Consortium buys 25 per cent stake
Stewart Wrightson	600	†+100	600	403	Agreed merger with Willis Faber
Tottenham Hotspur	188	+39	189	64	Property development hopes
Wellcome	470	+38	521	232	Seeks patent for second AIDS drug

†Change based on price at suspension

A week for consumers

NEXT WEEK is one for the consumer—indeed, all sorts of consumers with beer and television, lawnmowers and newspapers among the offerings. At the same time, economic statistics are expected to emphasise the growth in spending.

On Monday, new figures for credit business are likely to indicate increased demand by consumers, say the economists, particularly credit extended by retail chains. On Friday, the Retail Price Index is expected to show an inflation rate edging up temporarily from 4.1 to 4.4 per cent.

The corporate week starts with the finals from SCOTTISH & NEWCASTLE on Monday. With six London hotels, S & N was the most exposed of the major brewers to the drop in US tourism last year, and last December's interim figures showed the price that was paid for that.

Profits before tax were £44.8m against City estimates of £48m, and £43.1m in 1985-86. The company itself said the hotels setback had led to a shortfall of £5m on planned profits.

Occupancy rates began to firm-up towards the end of the first half, and City observers are going for a range between £82m and £87m for the year against £75.1m previously.

S & N shares have had a good run in the market lately buoyed by the profits prospect, takeover hopes and, with its low proportion of tied public houses, the company's low exposure to the latest scrutiny of the tied house system.

THORN EMI (finals, Thursday) has impressed this year's bull market with a continuing programme of asset sales—Ferguson tv to the French, domestic appliances to the Swedes — which must have brought in more than £350m over the past 2½ years.

Six months ago, the analysts were concentrating on Thorn's £300m lossmaking investment in the Inmos computer chip operation; but now, finally, there seems to be some hope for the professional electronics business.

After first-half profits more than trebled to £41.5m pre-tax, the City is looking at forecasts of between £143m and £155m for the year. With the shares over 700p, a share split would also please the fans.

The management's strategy has been one of selling businesses which are not internationally viable on a longer term basis, and those which need heavy investment in the short term. This has left it heavyweight in rental and retail, heavily invested in technology, short of hits in the music business, and a shadow of its former self in consumer durables.

GRANADA (interims Tuesday) is another television heavyweight, with interests in this sector ranging from TV and video rental and retail, at

Results due

home and overseas, broadcasting and production. It is also in bingo, motorway service areas, a consortium leader in direct broadcasting by satellite, and a new player in the holiday market.

There was a lot of excitement in the shares last year when Granada saw off a bid from the Rank Organisation; this year, the analysts expect a respectable rise in half-time profits from £39.2m to £45m pre-tax on the way to £110m (£92.4m) for the year.

Interims from ASSOCIATED NEWSPAPERS and BIRMID QUALCAST fall on Thursday. The newspaper group has been a popular stock market counter lately due, say analysts, to underlying growth in the value of quoted investments — Consolidated Bathurst and Reuters are the big names — and speculation over the value of its redundant Fleet Street properties.

Profits are expected to rise from £19.2m to £25m at the half-way point against last year's total of £46m before tax; but given estimates that the move from Fleet Street will eventually be worth £50m to profits, immediate performance might not be too relevant.

Birmid Qualcast, with its lawnmowers, Potterton boilers, sanitary ware and kitchen furniture, in addition to a foundries division, has seen expectations rise over the past year to a total of £20.5m pre-tax for 1986-87 against £13.1m last year. Most recently, this incorporates £2.4m as part of a "holiday" from pension fund contributions.

Half-time profits this week are expected to reach £8m against £6.1m previously.

William Cochrane

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AAH Holdings	Tuesday	2.9	4.9	3.2
Asprey	Wednesday	5.0	9.1	—
Batleys	Thursday	0.5	1.7	0.6
Seaverco	Monday	—	—	1.7
Birmingham Mint Group	Wednesday	2.0	4.2	2.6
Bristol Evening Post	Wednesday	2.2	4.5	2.7
Brown and Tawse	Monday	2.2	6.0	2.2
Burnett & Hallamshire	Tuesday	4.0	—	—
Cambridge Instrument Company	Wednesday	—	—	—
Carclo Engineering Group	Monday	4.0	11.0	4.4
Cheshire Wholefoods	Tuesday	—	1.5	2.0
Daejan Holdings	Thursday	5.0	9.0	5.0
Evans of Leeds	Tuesday	1.5	2.5	1.8
First Security Group	Wednesday	1.2	2.3	1.5
Fitch Lovell	Thursday	3.5	7.0	3.8
Leopold Joseph Holdings	Monday	2.8	9.5	2.8
Markheath Securities	Monday	0.7	1.9	0.8
Northamber	Wednesday	—	1.3	—
Real Time Control	Monday	2.0	2.0	2.0
Sandell Perkins	Thursday	—	—	1.3
Textured Jersey	Monday	2.2	3.7	2.2
Thorn-EMI	Wednesday	5.0	12.5	5.0
Toothill, R. W.	Tuesday	3.3	4.9	3.5
Vibroplant	Monday	3.7	6.8	4.2
Wintrust		3.2	1.8	3.6
INTERIM DIVIDENDS				
Alexanders Holdings	Tuesday	—	0.7	
Associated Newspapers Holdings	Thursday	1.5	4.5	
Automated Security	Thursday	0.6	1.1	
Barr, A. G.	Thursday	2.5	8.5	
Birmid Qualcast	Thursday	1.2	3.5	
Daily Mail and General Trust	Thursday	16.0	44.0	
Fletcher King	Tuesday	—	—	
Glass Glover	Monday	1.8	2.5	
Granada Group	Tuesday	3.0	5.5	
Habit Precision Engineering	Tuesday	0.7	1.3	
Kode International	Thursday	4.0	9.0	
Microsystems Group	Wednesday	0.7	1.5	
Securiguard	Monday	2.7	3.5	
Southern Business Group	Wednesday	1.3	2.2	
Speyhawk	Monday	2.6	7.6	
Westwood Dawes	Friday	—	—	
Widney	Thursday	0.3	0.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	monthly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	monthly	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	monthly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.21	6.39	4.81	3.50	monthly	1	2,500 minimum	0
Provincial Trust	6.77	6.98	5.26	3.83	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.47	6.37	4.96	3.79	half yearly	4	—	
10pc Treasury 1990	9.30	6.64	4.86	3.38	half yearly	4	—	0
10.25pc Exchequer 1995	9.34	6.66	4.87	3.38	half yearly	4	—	0
3pc Transport 1978-88	6.56	5.73	5.18	4.72	half yearly	4	—	0
2.5pc Exchequer 1990	6.67	5.94	5.45	5.05	half yearly	4	—	0
Index-linked 1990¶	6.69	6.14	5.78	5.47	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Acsis	20	378	46	1.08	Windstorm
Am Elec Compts	35	36½	36½††	43.29	Burgess
Assoc Book Pubs¶	730*§	705	675	209.25	Intl Thomson
Avana Group¶	889§	845	480	310.51	RHM
Brit Car Auction¶	256½§	258	238	200.58	Hawley Group
Chipboard Europe¶	438	430	270	17.52	Britannia Sec
Contibel	278*§	302	293	395.20	Tractebel SA
DBE Technology¶	37½§	43	43	3.50	Ferranti
Extel¶	587½	580	514	289.33	United Nwspprs
Garfunkels Rest¶	268	270	248	91.92	Belhaven
Garnar Booth	300*§	315	254	29.03	Hillsdown
Garnar Booth¶	325½	315	243	31.49	Pittard
Gee-Rosen	80½	75	63††	5.64	Black Leisure
Hallite¶	332½	332	250	275.23	Evered
Hillards¶	435½§	418	323	214.95	Tesco
Holden Hydroman	299§	287	215	11.58	BBA
Horizon¶	212	212	164	105.64	Bass
Johns Brns Eod	445*§	670	428	9.50	Bugge Eind A/S
Jarvis (J.)	750*§	800	775	7.60	Brookville Secs
Jones (Ernest)	250*	242	221	25.00	Ratners
JWT Group	£35*	£34	£22½	340.50	WPP Hldgs
Kwik Save	450*‡	417	390	170.19	Dairy Farm
Lloyd (F. H.)	105	102	118	25.31	Triplex
London & Nthn¶	113	97	80½	125.48	Evered
London Pk Hils	£10¾	965	700	53.07	Mount Charlotte
Marina Dev¶	125*§	464	132	9.32	Clinthelme
Mayfair City Prps	235	213	233††	28.20	Rivlin
Media Technlgy¶	196§	198	180	21.54	Lee International
Micro Scope¶	150*	147	106	16.00	GEC
Mitchell Cotts	81¼	80¼	71	78.60	Sator
Molins	247	280	245	72.40	Tozer Kmsly Mlbn
Nationwide Leis	77½*	77½	77	8.30	Inspec E. & E. Grp
Norank Systems	349	355	247	12.98	Spong
Octopus	498½	493	430††	535.00	Reed Intl
Rosbrook¶	289½§	272	234	20.22	Yule Catto
Riley Leisure¶	87½§	96	75	15.44	Midsummer Leisure
Rotunda	196*§	191	146	14.31	Scapa
Sarasota Tech	364½	365	107	64.37	Peek Hldgs
Sims Catering	165*§	328	145	6.15	Mr R. Randell
Stewart Wrightsn	619½§	600	500††	273.57	Willis Faber
Stockley¶	169	164½	124	401.56	Mountleigh
Stone Intnl	113½	115	154½	39.23	FKI Electricals
Wordplex	139	157	130	14.18	Apricot Cmptrs
Wordplex	160½	157	139	16.38	Norsk Data
WSL Hldgs	256	240	203	54.22	Granada

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 3/7/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
W. Alexander	Mar	5,720	(4,330)	13.5	(10.5)	4.2	(3.5)
American Bus Sys	Mar	314	(15,740)L	2.3	(—)	—	(—)
Bogod-Pelepah	Mar	201	(216)	1.2†	(1.2)†	0.2†	(0.3)†
Bryson Oil & Gas	Dec	572L	(154)	—	(2.2)	—	(—)
Cmpbll Armstrng	Mar	1,000	(720)	9.9	(8.1)	3.2	(—)
Coated Elec	Mar	1,650	(1,250)	9.4	(7.5)	3.9	(—)
W. Cook	Apr	1,460	(1,200)	16.2	(12.4)	—	(—)
Courts	Dec	7,750	(6,010)	20.4	(17.1)	4.9	(4.7)
Davy Corpn	Mar	20,220	(16,330)	15.7	(12.7)	6.2	(4.8)
Dowty	Mar	55,700	(47,600)	16.6	(14.4)	6.2	(5.5)
Fashion & Gen	Mar	591	(653)	24.6	(27.2)	24.3	(27.0)
Ferranti	Mar	50,200	(41,100)	7.50	(6.5)	1.9	(1.7)
Fuller Smith Trnr	Apr	5,810	(5,010)	25.0	(20.4)	5.1	(—)
GEC	Mar	668,000	(701,000)	15.8	(16.0)	5.3	(4.1)
Hampton Trust	Mar	1,390	(962)	—	(—)	1.2	(1.0)
Hewetson	Mar	481	(309)	6.2	(4.6)	—	(—)
Hobson	Mar††	790	(10)L	—	(—)	—	(—)
Illngwth Morris	Mar	7,720	(6,180)	11.2	(12.4)	4.0	(3.5)
H. Ingram	Apr	346	(324)	—	(—)	3.0	(3.0)
Lister	Mar	3,250	(2,120)	17.5	(11.4)	3.0	(1.0)
Lloyd F. H.	Mar	1,300	(2,100)	2.2	(6.6)	1.0	(2.7)
Lynton	Mar	5,200	(4,900)	7.9	(7.0)	5.5	(4.5)
Marina Dev	Mar	79	(—)	1.6	(—)	—	(—)
Marling Ind	Mar	3,130	(1,690)	12.1	(5.1)	2.2	(1.7)
Marston Thompsn	Mar	11,430	(10,058)	8.3	(7.3)	2.5	(2.4)
Mrcry Asset Man	Mar	22,800	(14,100)	24.6	(15.0)	—	(—)
Nimslo	Feb	710	(—)	—	(—)	—	(—)
Optometrics	Mar	70L	(281)	—	(—)	—	(—)
Penny & Giles	Mar	1,790	(1,510)	13.1	(10.3)	2.8	(2.5)
B. Priest	Apr	2,470	(1,110)	4.7	(3.7)	0.5	(0.3)
Prism Leisure	Mar	522	(301)	10.6	(5.3)	0.7	(—)
Reed Executive	Mar	6,520	(2,980)	38.2	(16.2)	6.0	(4.5)
Rotaprint	Mar	472L	(1,290)L	—	(—)	—	(—)
J. Rothschild	Mar	100,900	(80,000)	20.8	(14.8)	6.0	(5.0)
Rowe Evans	Dec	1,530	(2,170)	2.2	(3.8)	1.2	(1.5)
RPY	Mar	52,000	(50,300)	23.5	(24.1)	24.1	(46.1)
Sound Diffusion	Dec‡	9,980	(2,994)	6.9	(4.0)	0.6	(0.5)
Triplex	Mar	2,060	(824)	11.5	(8.6)	3.2	(2.0)
Unit Group	Mar	604	(204)	19.4	(—)	1.1	(—)
Vaal Consortium	Mar	15,010	(11,960)	39.8	(34.2)	8.0	(—)
T. Warrington	Dec	496L	(838)L	16.57L	(25.01)L	—	(—)
WCRS	Apr	10,100	(2,500)	34.3	(34.3)	6.2	(4.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Blue Arrow	Apr	5,110	(2,260)	1.0	(0.6)
Clyde Blowers	Feb	54	(71)	0.8	(0.8)
A. Cohen	Dec	2,600	(1,250)	12.1	(10.8)
Crest Nicholson	Apr	1,680	(3,400)	2.0	(1.7)
Domino Print	May	1,870	(1,250)	1.2	(0.9)
Eldridge Pope	Mar	1,130	(1,135)	3.5	(3.2)
FNFC	Apr	22,420	(13,137)	3.0	(2.2)
Grainger	Mar	2,220	(1,070)	0.7	(0.6)
Hawthorn Leslie	Feb	692	(235)	—	(—)
KLP	Mar	973	(753)	1.8	(1.5)
LPA	Mar	211	(412)	1.4	(1.4)
Microgen	Apr	4,530	(3,350)	1.5	(0.7)
Newman Tonks	Apr	6,130	(4,900)	3.2	(3.0)
Spectrum	Dec	286L	(553)L	2.7L	(4.8)L
Theme Hldgs	Apr	266	(51)	—	(—)
TV South	Apr	10,900	(6,500)	3.5	(3.0)
Wilding Office	Mar	1,020	(680)	1.3	(—)
Wms of Cardiff	Mar	186	(102)	7.67	(1.31)
Yelverton Inv	Apr	222,696	(6,381)	1.24	(0.08)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share and adjusted for any intervening scrip issue. † On ordinary shares. †† 15 months to March. ‡ 1986 unaudited figures. L Loss.

RIGHTS ISSUES

Charles Baynes is to issue 4.8m shares via a one-for-four rights issue.

Crest Nicholson has announced a £40.2m rights issue of 5½ per cent convertible preference shares of £1 each offered to shareholders on a five-for-nine basis.

Domino Printing Sciences is to fund a £23m US purchase via a one-for-two rights issue.

EMP is to raise £48.8m through a rights issue.

Laidlaw is to raise £2.04m net on a two-for-seven basis.

WPP is to raise its rights funding from £177m to £213m and change its terms to a two-for-one issue. The price is unchanged at 875p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Babygro Holdings is to come to the main market in a placing of 4.57m shares at 110p each raising £3.45m net of expenses.

Clayhithe is to obtain a stock market listing by reversing into Betec which has a 29.9 per cent holding. 13 new Betec shares will be offered for every ten Clayhithe ordinary or preference.

Economic Forestry Group is joining the USM; 5m shares are being offered at a placing price of 100p. Existing shareholders have the right to subscribe to 2m shares on the basis of one new 25p share for every existing £1 share.

Far East Resources is joining the third market in a placing valuing it at £8m; 3m shares are to be issued raising just over £2m.

Hey & Croft is raising £3.26m by the issue of 2.17m shares at 150p each in a USM placing.

ITL is joining the main market through a placing of just under 9.5m shares at 105p each valuing the group at £30m.

Lancaster is to seek a listing on the stock exchange in a placing of 4.4m new shares which will raise £28.2m.

Martin Shelton is to join the USM through a placing of 1.6m shares at 63p each raising just over £1m.

• MARKETS •

A battler returns

"A LOT of dogs chase Cadillacs. But few dogs can drive Cadillacs." That is the motto of Donald Kelly, a 65-year-old "wheeler-dealer" who made a fresh debut on the Wall Street stage this week with a $1.9bn offering of stock and junk bonds.

Kelly's speciality is buying and selling companies, and over the past decade he has attracted quite a following among the Wall Street cognoscenti. In one of his earlier jobs, as chief executive of Esmark, he bought 22 companies and sold 50 over a five-year period —a feat which catapulted his share price from $8 to $60.

In 1984, he bowed out of the public arena by selling Esmark to Beatrice; but after making a few unsuccessful runs at taking over other companies he returned last year with a highly ambitious $6.2bn plan to take Beatrice private. Some 14 months later, Kelly has confounded the sceptics by whittling down Beatrice's onerous debt burden more quickly than expected by selling $4bn worth of businesses while retaining some of the most valuable pieces.

This week, Kelly was on the move again. E-II, which is short for Esmark Two and consists of a hodge-podge of former Beatrice businesses ranging from Samsonite luggage to Martha White flour, completed a $1.5bn offering of high-yield (13 per cent a year) securities and a $420m initial public offering of shares which have been listed on the New York Stock Exchange.

At a time when many corporate chieftains should be planning to head gracefully for the exit, Kelly is gearing up for fresh takeover battles from his Chicago headquarters. His new company will "manage a portfolio of businesses and will seek to enhance its value through leveraged acquisitions, improved management of operations, selective dispositions and corporate restructurings."

He starts with a deck of 15 independently operated businesses which earned $121m on sales of around $1.6bn last year, and the word is that Kelly is planning to make an early acquisition of at least $5bn.

Wall Street

Kelly's latest stock market debut was not a complete triumph. He was forced to scale down the size of the offering by a quarter, and the price of $15 per share was at the bottom of the range. But his admirers point out that several recent initial public offerings have put up a rather poor showing lately.

American Express spun off a large chunk of its Shearson Lehman Brothers brokerage subsidiary at $34 a share in May and the shares are now languishing at $27½. Bill Farley, another Chicago financer, has also had some difficulty in whipping up enthusiasm on Wall Street for his own brand of restructuring. His Fruit of the Loom group, the biggest underwear producer in the US, went public at $9 a share in the spring but has fallen back to $7½.

Farley has a heavy burden of junk bonds to support and this partly explains why Wall Street has not been falling over itself to invest in his wide-ranging enterprises.

By contrast, there was news this week of one of last year's batch of initial public offerings which has done rather well for its backers. On Wednesday, the New York Stock Exchange, which is no slouch when it comes to self-publicity, took out full-page advertisements to celebrate the listing of Harley-Davidson, America's only motor cycle manufacturer, on the Big Board.

"A legend shifts into high gear" said the NYSE, which allowed Vaughan L. Beals, Harley-Davidson's chief executive, to drive one of his products onto the NYSE floor. Harley-Davidson went public a year ago at $11 a share, and after dipping to $7½ the shares roared above $20 this week.

However, there was less-happy news of another famous name this week. Allis-Chalmers, one of the pillars of the mid-western rust belt, filed for Chapter XI bankruptcy. In its heyday it manufactured everything from electrical generators to farm equipment and heavy construction machinery, but has been slimming down steadily in a desperate bid to survive.

However, obligations inherited from prior good times have pulled the company down and it decided to put its US companies into bankruptcy. Its shares, which less than a decade ago were trading at close to $40, slipped by $½ to $2⅝ this week.

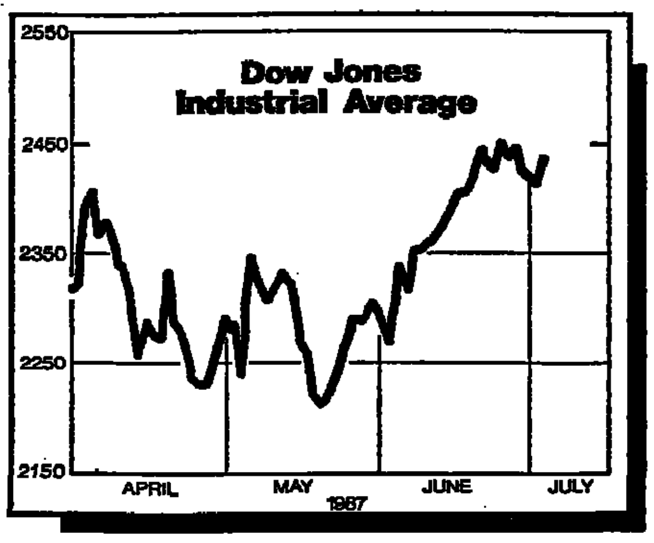
Among other shares which have been moving on Wall Street this week, Texaco popped above the $40 mark as evidence mounted that the battle to overturn the $10bn damages award, which forced the company into bankruptcy court earlier this year, was moving in the company's favour.

Meanwhile, Pennzoil shares fell by $6 on the week to $76½ as Wall Street wonders whether it has blown its chances to win a handsome settlement from Texaco.

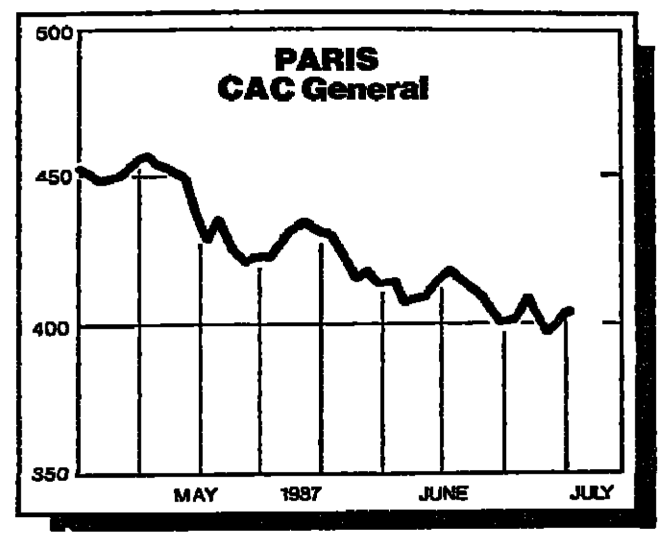
Financial Corporation of America, the parent of the biggest US savings and loan, reported that it expects to announce a substantial second-quarter loss and its shares fell sharply for the second week running. Several predators, including Ford Motor, are said to be preparing to make a bid for the troubled institution but Wall Street believes that any bid will be conditional on the US Government taking over a substantial portion of FCA's nasty loans. As a quid pro quo, FCA's shareholders will get nothing.

MONDAY	2446.91	+10.05
TUESDAY	2418.53	−28.38
WEDNESDAY	2409.76	− 8.77
THURSDAY	2436.70	+26.94
FRIDAY	CLOSED	

William Hall



Buyers regain appetite



THE SUN came back to Paris this week, and with it came the recovery of the stock exchange.

Prices recovered sharply in major stocks such as BSN, Moet-Hennessey and St Gobain as both foreign investors and the French themselves regained their appetite for buying.

The change was refreshing after three weeks when the question of the day was: has France entered an irreversible decline? Gloom over a string of poor economic statistics had spread into a wider political debate which, for a change, put Francois Mitterrand, the socialist President, into the trenches alongside Jacques Chirac, the right-wing Prime Minister with whom he cohabits.

Pitted against them was Raymond Barre, the former prime minister and the most dangerous rival of either Mitterrand or Chirac in next year's presidential elections. Barre has warned continually that France is falling behind its major economic rivals.

Most wounding of all, in a country which has traditionally had a peculiar sensitivity about its role in world affairs, was the suggestion that Italy was about to overtake France in the size of its Gross National Product.

When Italy claimed to have bumped the UK out of fifth place in the world GNP rankings — the so-called *sorpasso* — Nigel Lawson, the Chancellor of the Exchequer, laughed long and loud. France, however, has not been able to view the prospect of a *sorpasso* with such equanimity.

With a handful of slightly more encouraging economic statistics, including confirmation of a reasonable inflation performance, sentiment on the bourse turned more optimistic.

A crucial turning point came with the announcement on Monday of a reduction of 25 basis points in the Bank of France's money market intervention rates.

The move may have been small enough in itself, and when coupled with a simultaneous increase in obligatory bank reserve requirements is unlikely to lead to a reduction in borrowing costs for companies or individuals.

The symbolic importance is, nevertheless, considerable. Financial markets appear to have responded very favourably to the Bank of France's gesture.

Finance ministry officials insist, however, that the gesture is more than symbolic and that the two simultaneous moves do not cancel each other out. They note, in particular, the favourable effect of the cut in intervention rates on the structure of the yield curve.

For Edouard Balladur, the Finance Minister, this is important, since it helps along a bond market which has suffered, far more than the equity market, from the drain of funds into the privatisation flotations, the eviction effect.

The privatisation wave has not lost its strength yet, for the flotation of Societe Generale—the largest ever attempted in France, with FFr 8.5bn offered publicly in France and further tranches reserved for employees, international investors and "hard core" friendly shareholders — turned out to be another huge success, despite the recalcitrance of the rest of the stock market at the time of the offer.

Full details of the Societe Generale flotation will not be known till Tuesday, but already the number of subscribers for the 48.5 per cent of the capital offered publicly in France is known to have topped 2m.

Paris

Some commentators in France still have a bee in their bonnet about the 3.8m investors who applied for shares in Paribas, the banking group which was second in the privatisation list. Anything since that, they have regarded as something of a letdown.

There were even some who labelled the flotation of Credit Commercial de France a disaster, because "only" 1.65m individual applications were received and the Government, for a change, had enough paper to serve out 10 of the FFr 107 shares per head.

More notable, in fact, is the stability of demand for privatisation paper. The level of subscription for Societe Generale appears to be almost exactly the same as for Compagnie Generale d'Electricite, although these two very heavy issues were only five weeks apart.

Societe Generale certainly had a clear advantage in the shape of its own banking network to place the shares. First indications are that the group's own clients feature heavily among the subscribers.

George Graham

Red faces follow cocoa rally

ANYONE WHO still thinks there are safe bets in commodities should take a look at recent events in the London cocoa market, where an unexpected rally has left some seasoned professionals with red faces.

Price support operations by the International Cocoa Organisation's buffer stock manager had been widely discounted, even before he started to buy. His intervention now appears to have worked, however, though in a roundabout way.

Traders who went short of cocoa by selling into intervention, expecting to buy later as prices continued to fall, have seen the price rise by more than £120 since June 15 when the September contract touched a four-year low of £1,213 a tonne.

The rise can be attributed partly to fears that bad weather in West Africa and Brazil will affect the early part of the crop when it is harvested this autumn. But the buffer stock manager's purchase of a great deal of Nigerian cocoa appears to have fuelled the gains.

According to Gill and Duffus, the influential London trader, the manager was offered so much Nigerian cocoa because the price he was offering for it was high in comparison with the market price. Nigerian cocoa historically collected a high premium; but the privatisation of the industry about 18 months ago led to a lot of poor-quality cocoa being put on the market, depressing the price.

However, the manager had to offer a price which reflected the historical premium — thus attracting a lot of sellers. Now, it looks as though the forecast of an 80,000-tonne crop from Nigeria could have been over-optimistic, leaving traders short of cocoa and thus forcing prices higher.

An additional factor helping the price is the fact that one large UK trading house is expected to take physical delivery of a large amount of cocoa in July.

Commodities

International commodity agreements are notoriously difficult animals. The market has a good idea of what is going to happen, and can usually discount the effect intervention buying will have in the price. The fact that prices often continue to fall once intervention has started reflects the limitations of the buffer stock system and this is exactly what happened with cocoa in May.

The international cocoa agreement stipulates that the buffer stock manager must buy when the indicator price — in this case a ten-day average measured in Special Drawing Rights — falls below 1,600 SDRs a tonne.

As the price approached this level in the middle of May, the manager acted for the first time under the 1986 agreement, buying an initial 4,000 tonnes to defend the price. The rules do not allow him to buy more than 20,000 tonnes in any one week. He continued to buy steadily, but the price continued to fall until it bottomed out on June 9.

Two weeks later, the total amount of cocoa in the buffer stock reached 75,000 tonnes — the maximum level before further action is considered by the ICCO. Under the rules, the organisation then has to call a special council session within 20 working days, and a meeting was duly called for Monday, July 13.

If the council does not decide otherwise, the "must buy" floor price of 1,600 SDRs is lowered automatically by 115 SDRs to 1,485. But since the meeting was called the price has risen fairly steadily, and on Thursday night it broke through the 1,600-a-tonne barrier to reach 1,607.32.

Whether by accident or design, the buffer stock manager has achieved what he set out to do. The removal of 75,000 tonnes of good-quality cocoa from the market has created what is known in the market as a tightness in nearby shipments — in other words, there is not enough cocoa in European warehouses to satisfy demand.

But producer countries are certainly not short of cocoa yet as supplies continue to outstrip demand — Gill and Duffus estimates that world stocks will rise by 69,000 tonnes this season to 711,000 tonnes, equivalent to 4½-months' supply. When the new shipments which traders are already ordering arrive, attention in the market will switch back to the weather in Brazil and West Africa.

The cocoa tree has a much shallower tap root than the coffee bush, making it much more vulnerable to dry weather. As long as that persists in the main cocoa growing areas, the price could rise further. But a good amount of rainfall could bring the prices down rapidly — whatever the ICCO decides to do on Monday week.

David Blackwell

Alice Rawsthorn on the latest developments

Pru stretches lead

The Great Investment Race

STOCK markets throughout the world have been distinctly dull in the past month or so. Yet, the Great Investment Race has surged ahead and the six teams now collectively sport "profits" of more than £500,000 for charity.

The stars of the past three weeks have undoubtedly been the Prudential, which has lengthened its lead yet again to almost £250,000; and Hoare Govett, which mustered the largest single increase by boosting its portfolio to more than £130,000.

In the Great Investment Race, six teams of top fund managers are competing to see which can make the most money for charity by investing portfolios — originally worth £35,000—for a year. The race is sponsored by Prudential Unit Trust Managers and organised by Charity Projects.

So far, the teams have built up their portfolios from £210,000 to £742,594. When the race ends late in September, the "profits" will be donated to charities for the disabled, the homeless, and for young victims of drug and alcohol abuse.

Bell Lawrie is still trailing behind the field with a portfolio worth just £47,028. It chose a "safe, but sure" strategy of composing a well-balanced portfolio at the start of the race. But the more opportunistic teams have steamed ahead and Bell Lawrie's fortunes have faded with those of the UK stock market.

When the race began, most of the teams suspected that Nomura, the Japanese securities house, would emerge as one of the toughest contenders. Nomura roared ahead in the opening weeks but has faltered in recent months. It is now fifth with investments valued at £57,308.

Kenichi Fukuhara says the Nomura team intends to become more aggressive but that gauging the correct time for its return to active trading has proved trickier than he expected. "The Japanese bond market has been very volatile and equities have been fairly dull," he says. "But there are signs that the market will start to recover."

Messel has been rather more active than either Bell Lawrie and Nomura in the past few weeks — investing in equities in different international markets and in financial futures—but its portfolio mustered no more than a modest increase of 1 per cent to £62,966.

By contrast, Hoare Govett has steered its portfolio between the UK and the Australian stock markets and, as a result, has gleaned the highest increase of all. The value of its investments has risen by 12 per cent to £132,355 in the past three weeks.

The Hoare Govett team pocketed a healthy profit from its holding in BAT Industries and has invested in Valor, the British industrial group which recently mounted a rights issue to finance large acquisitions in the US.

"We like the look of the acquisitions, gearing is low and cash flow will be strong," says Hoare Govett's Peter Clark. "tI will take a month or so for the market to digest the good news. But the shares should do very well."

In the domestic market, Hoare Govett is pinning its hopes on New England Properties and Neotronics, a recent new issue. Its favourite "alternative," the Australian market, has quietened down of late. The team is thinking of selling Walhalla Mining, a gold stock, but will hold on to Australian Asset Managmeent.

Whereas Fidelity played the role of the consummate opportunist in the early part of the race, it has now become more cautious. The value of its portfolio fell slightly in the past month or so by 1 per cent to £195,857.

But the leading team, Prudential Portfolio Managers, has gone from strength to strength. As a rule, the Pru concentrates on a core portfolio of UK equities but adds a dash of excitement by playing with the futures market. In recent weeks, it has concentrated on equities.

The Pru's most successful stock has been Countryside Properties, which it bought in mid-May and sold last week at a profit of more than 50 per cent. A timely investment in Hanson Trust call options also yielded a profit and the Pru is now scouting about for new opportunities.

"Like almost everyone else in the market, we had expected London to take off after the election. And like everyone else we were disappointed," says the Pru's Ted Williams. "But there is a wall of foreign money out there and it must go somewhere, if not into London then maybe into Tokyo. We will just have to wait until the buying begins."

Team	Value	% Change in past 3 weeks
1 (1) Prudential	£247,080	+ 8%
2 (2) Fidelity	£195,857	− 1%
3 (3) Hoare Govett	£132,355	+12%
4 (4) Messel	£62,966	+ 1%
5 (5) Nomura	£57,308	− 1%
6 (6) Bell Lawrie	£47,028	− 9%

Source: The WM Company

Helping hand

EARLY IN the 1960s, some parents of mentally handicapped children met to discuss how they could be looked after when they left school in ways other than conventional hospitals or home care.

The parents raised £12,000 to buy and convert a large country house in Gloucestershire into a place where the children could become adults in a more creative environment than that offered by the standard state facilities.

The house, Frocester Manor, formed the basis of the Home Farm Trust, a charity offering long-term residential care for mentally handicapped adults. The Trust now runs 10 schemes throughout the country, caring for more than 300 people, and is building a new home in Bedfordshire.

Almost one-third of the money raised by the Great Investment Race will be used to build and equip craft workshops for that home.

Each scheme offers a home for a wide range of handicapped adults who vary in age, character and disability. Some residents need intensive care; others live idependently in flats or small houses near to the main house. The homes provide occupational facilities—such as woodwork, pottery or horticulture—and help some residents with their jobs in the area or with courses and classes at local colleges.

Orford House, for example, is a 17th-century manor in rural Hertfordshire which was converted in 1984 and now offers places for 19 people. As Orford has developed, so have its facilities. Residents' work varies from cooking and cleaning to restoring the buildings, tending the vast garden and learning skills in various crafts.

Staff are now planning the second phase of the Orford development which will involve developing bedsits and self-contained flatlets to offer a more independent lifestyle for some residents. On completion, work will begin on the third phase to provide autonomous housing in the nearby village of Ugley.

Those accepted by the Trust are assured of a place for life. It aims to "encourage achievement and their acceptance by the world at large as normal people with more than their ration of handicap."

Although each resident receives state benefits, the Trust is responsible for building, converting and developing its schemes. It hopes by 191 to open five new homes and double the number of residents. Each new scheme will cost around £1.6m and the Trust new needs revenue of more than £1m a year.

Recently, it formed a development fund—headed by Sir Robert Clark, chairman of Hill Samuel—to raise money in the City. But the bulk of its income still comes from the work of its friends' groups across the country. And this year, there should be a welcome influx from the Great Investment Race

A.R.

Ombudsman starts work

THE BUILDING Society Ombudsman scheme became operational this week. The Ombudsman is Stephen Edell; readers may recall that he is a lawyer who in the past has contributed articles to our Finance and the Family pages.

However, before readers with a grievance against their building society rush to seek redress, they should discover whether Stephen Edell can consider their complaint.

The Ombudsman scheme was set up under the 1986 Build-out terms of reference. These state that complaints relating to the traditional business of societies in their lending and borrowing activities can be dealt with.

However, the grounds for a complaint must be that a building society has breached the client's legal rights, or acted unfairly, or there has been maladministration by the society and that as a result the complainant has suffered pecuniary loss or inconvenience.

Stephen Edell is coming fresh into the building society field. He regards this inexperience as a plus point, enabling him to be objective and unbiased in dealing with complaints.

But it means, too, that as a newcomer he has no idea what kind of complaints he may expect to receive.

He was at pains to point out that he cannot overturn a society's assessment of the creditworthiness of an individual. He also emphasised that it will be no use to appeal to him if a building society is in the course of repossessing a house because interest payments are in arrears.

Societies must go through required legal procedures in order to repossess. The Ombudsman's terms of reference debar him from dealing with any case subjected to legal procedures.

The Ombudsman can award compensation up to £100,000 against any society judged to have acted unfairly, and he can tell the society to take whatever steps are appropriate to remedy the complaint.

However, neither the complainant nor the society is forced to accept his decision. A society finding a decision unacceptable must publicise its reasons for not accepting in whatever ways the Ombudsman requires.

Stephen Edell considers that the first task of his office is to make its existence known to the public; it is there to help. The Office of the Building Societies Ombudsman is at Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1X 7AW, telephone 01-931 0044.

Any potential complainant should not be deterred by a fear of having to go to London to present a case. Stephen Edell expects to be able to deal with most complaints by post. But it is no use going to him unless and until you have failed to get satisfaction from your society's own internal complaints procedure.

Stephen Edell . . . unsure what to expect

Loan squeeze

IN THE NEWS

HOME LOANS covering 100 per cent of the purchase price are becoming increasingly rare, according to the latest issue of Blay's Residential Mortgage Tables. It says lenders are tightening their requirements, particularly for mortgages over £40,000, in an effort to discourage over-borrowing.

However, Blay's adds that funds continue to be plentiful so that buyers should have no difficulty shopping around to find a really competitive mortgage. It notes that building societies are finding it difficult to remain competitive with other lenders because of a squeeze on investment funds.

Significantly, no other society has so far followed the lead set by the Abbey National and Halifax in reducing mortgage rates for new borrowers. But while only two clearing banks have cut their home loan rates, several foreign banks and financial institutions have done so.

There were two more cheap offers this week. An interest rate of 10 per cent on endowment and pension linked mortgages and re-mortgages is available from Fairchilds, the London intermediary. The money is being supplied by a "major international bank."

There is no arrangement fee or redemption penalties, but the scheme is restricted to properties in London and the south-east (home counties).

Happily, the Northern Mortgage Corporation/FS Assurance has reduced its rates for new borrowers to 10.25 per cent for loans up to 85 per cent of value; 10.4 up to 90 per cent; and 10.575 for 100 per cent mortgages. The reduced rates will apply to existing borrowers from August 15.

•

NATIONWIDE Building Society has launched an income bond aimed unashamedly at winning investors away from National Savings income bonds, which pay interest monthly.

Brian Whitfield, the society's general manager, claims that two-thirds of savers holding the National Savings bonds are tax-payers who will be left with a reutrn of only 7.67 per cent after paying standard rate tax. In comparison, he says, the Nationwide bond will return 8.25 per cent net, with tax paid.

If you are liable to pay tax, however, it is best to stick with National Savings, since the interest (10.50 per cent) is paid to investors gross. Building societies and banks have to deduct composite rate tax.

Nationwide is also making it easier for investors to take out money. It will require only 90 days' notice for a penalty-free withdrawal from its income bond. National Savings has a similar withdrawal period, but if you take your money out within the first year you lose half your interest.

The society has scrapped the monthly income option on its Capital Bond to make way for the new income bond, but has lifted the guaranteed rate of interest from 3.25 to 3.50 per cent above its ordinary share rate, making a total return of 8.50 per cent.

● Lambeth Building Society is increasing from July 6 the rate paid on Regal shares to 9.10 per cent. Amounts invested can vary between £250 and £100,000; and if you retain an £8,000 balance, withdrawals can be made at any time without loss of interest.

John Edwards

THERE IS one essential ingredient missing in the Pension Homemaker package, just launched by Commercial Union. It doesn't include a mortgage facility.

Most life companies entering the pension mortgage market in recent years either provide the mortgage funds themselves or link up with other financial institutions to provide the money. But Commercial Union still prefers to rely on building society contracts. So the package simply provides the means for repaying a mortgage through a personal pension policy.

The housebuyer is offered the choice of a with profits policy and nine underlying unit trust funds, with the facility to switch between them. You can convert to a low cost endowment policy if you become ineligible for a personal pension.

At the same time free life cover is provided between exchange of contracts and completion for a maximum period of three months.

Nevertheless the concept of all in-one mortgage packages is being heavily promoted by other life companies. An approach that should put Commercial Union at a disadvantage in 1988, when personal pensions become available for top employees and the provision of a mortgage may be a central figure in many personal pension plans.

Enjoy as you appreciate

Antony Thorncroft on the return of interest in art as an investment

LAST MONDAY the Trustees of the British Rail Pension Fund cashed in its collection of 98 Old Master prints for a modest profit. The Fund had diversified into works of art in the mid-1970s, when inflation was rampant and the Stock Exchange limp, and spent £641,000 on prints over six years. It sold them for £2,048,013 at Sotheby's, although the auction house will take 10 per cent of this, and probably more.

Investment analysts were quick with their calculators, suggesting that the Fund had achieved an annual return of 3 per cent. Given the investment situation at the time this is not a bad effort—few then could have forecast the return on equities, which would have brought in nearer 15 per cent a year.

No other institutions followed British Rail down the track of art investment, at least not in the UK. But as the world financial markets boom in harmony with the art markets there is growing interest again in works of art as a possible home for surplus cash—and a hedge against an economic downturn. The salerooms do their best to encourage this trend, not least Sotheby's, which every few months issues an Art Market Bulletin, tracking the price movements in the leading sectors.

The June edition reflects the spiralling prices in recent months, with the Sotheby's Art Index at the end of May standing at 543, as against 440 a year earlier and 515 on March 31 1987. The rise owes much to Impressionist and Modern paintings and English furniture, all of which rose by around 200 points over the 12 months.

The sales of Impressionists in London this week, culminating in a price of £12.6m being paid for a painting by Van Gogh, the second highest sum ever achieved at auction, suggests that the sum bonanza is continuing. It is, however, selective—sales of tribal art and of books illustrated by Max Ernst were disasters, and many markets still depend on the custom of a handful of rich buyers.

It is generally agreed that the present boom owes much to the Japanese, who took up the slack when a falling dollar frightened off some of the American buying. The Art Market Bulletin tracks Japanese purchases this year, making the point that what the salerooms dreamed about is actually happening—the Japanese have diversified out of their traditional love of Impressionist paintings into other art markets.

So while it was not unexpected that Van Gogh's "Sunflowers" should go to the Yasuda Fire and Marine Insurance Company for £24.75m, it was quite staggering that a Japanese gallery should pay £638,000 for a Virgin and Child by Murillo, a very traditional 17th century Old Master. The Japanese inroads into post-Impressionism — paying US$3.85m for a work by Gustav Klimt—and into contemporary art, with a successful bid of US$2.53m for "Woman," by Willem de Kooning, were also surprising.

The Japanese are, to a great extent, the icing on the cake. There is considerable European buying at the moment, and even some of the cash made on the London Stock Market is finally finding its way into art—a recent Sotheby's sale of modern British pictures unearthed two dozen new bidders at the higher price levels. If there are losers in this situation it is the dealers, who are often outbid by the new breed of private collectors: prices have shot ahead so fast that canny dealers cannot envisage making their traditional profit mark-up on top of the auction price.

An engraving of a censer by Martin Schongauer, which sold for £61,000 at Sotheby's dispersal of the British Rail Pension Fund collection of Old Master prints this week

Only items of top quality and rarity can command the high prices. The medium market is relatively flat. Obviously as more and more accepted masterpieces disappear into museums, or permanent collections, they become increasingly scarce. There may be plenty of painting by Renoir available, but a landscape by Klimt might not surface for many years—hence the record price of £3.3m paid for one at Sotheby's on Tuesday night.

Not all works of art are booming. Old Masters still seem cheap, with strong demand for decorative works, like the 18th century French school, but less enthusiasm for earlier paintings. Continental ceramics, silver and furniture are also in the comparative doldrums in contrast to their British counterparts which have acquired new admirers.

No one should buy works of art purely as an investment. However, as Sotheby's points out, quoting numerous examples from the field of Chinese ceramics where some fine pieces recently re-appeared on the market after only six years and did remarkably well, they can appreciate, while giving hours of enjoyment. First develop an eye; then acquire the knowledge; finally buy the best, relying on the advice of experts—and you might well own rare treasures which should rise in price in good times and at least hold their worth in bad.

Still a touch of indigestion

Three weeks ago, Fimbra issued rules for intermediaries. Eric Short reports

INDEPENDENT PERSONAL financial and investment advisers and managers have now had three weeks to read, learn and inwardly digest the draft rules from Fimbra (the Financial Intermediaries, Managers and Brokers Regulatory Association). This is the self-regulatory organisation that will almost certainly have the job of controlling them under the watchful eye of the Securities and Investments Board.

Independent intermediaries faced with an intimidating 114 pages of rules have been struggling to interpret how they will be affected.

By no means is it all yet clear. But at least they can now ascertain what it will cost to obtain authorisation from Fimbra, assuming they wish to continue to run their own business independently, without coming under the umbrella of a life company or other financial institution.

The rules can be divided into three main categories—the impact on running the business, the modified basis for dealing with clients, and the provisions on advertising.

● **Running the business.** A main feature is that Fimbra is not requiring intermediaries to have massive capital backing in order to operate. The capital adequacy rules are for a minimum capital requirement of £1,000 and a net worth of only £1 for the business. This limit should not impose financial barriers on anyone wishing to start becoming an independent intermediary from scratch.

However, the business will have to keep properly audited accounts. This should be no problem for an incorporated business. But it could involve considerable extra costs for sole traders or partnerships.. Up to now these have only needed to produce Inland Revenue returns under Schedule D.

The rules will not require intermediaries to hold formal educational qualifications in order to be considered fit and proper. However, holding an ACII or FCII qualification will make it easier to demonstrate expertise to Fimbra.

In fact, whether a person is fit and proper to run an investment business will be decided on the basis of a combination of qualifications and experience. No-one lacking experience will be authorised.

So much for the owners of the businesses, but what about the staff? The rules make the owners responsible for training their employees and for updating training.

Clearly defined employee structures must be drawn up so that employees know precisely who can deal with clients' requests and who cannot. The days are over when partners could leave junior staff to hold the fort and deal with clients while they were out.

● **Dealing with clients.** Everyone following even casually the progress of the new regulatory regime for financial services will be aware that client relationships centre around the twin concepts of "know your customer" and "best advice."

The "know your customer" concept is fairly straightforward to define, though with the proviso that in practice many clients may not be clear about their investment requirements.

The rules now require the intermediary formally to make adequate enquiries about the personal and financial circumstances of a client before making investment recommendations.

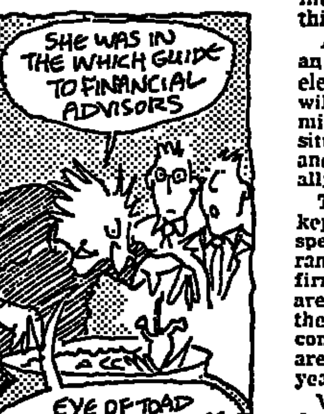
Most intermediaries do this automatically. The difference now is that they may have to prove that they made these enquiries—so that keeping records of interviews will become a necessity.

The "best advice" concept is causing considerably greater concern. It is easy to set out in words. The intermediary recommends the investment product that will meet his client's needs on the cheapest possible terms.

In practice it is a very difficult concept to follow. Intermediaries must give good advice to clients or they will not remain in business long. But with most investment advice the quality will become evident only after a period of years as investments go up or down.

The rules wisely do not set out what constitutes best advice. Instead, Fimbra intends to issue guidelines amplifying the principles involved.

These will set out factors to be taken into account in selecting a product and a particular life company or unit trust



group. A key consideration will be what is regarded as an acceptable level of survey of the investment market, bearing in mind that choice of product and institution seems to expand constantly.

At the end of the day, in the event of a complaint, the intermediary may have to justify his decision, and where a high commission product is involved will have to demonstrate that commission was not a factor in the recommendation.

● **Advertisements.** The ambitious principle adopted by the Securities and Investments Board has been to tell clients everything significant about a product in any advertisements. Fimbra hopes that its rules have avoided such overkill and will provide adequate disclosure in a practical manner.

Advertisements highlighting a special situation, such as the forthcoming advent of personal pensions, with an invitation to come and discuss the situation with the intermediary, are acceptable.

However, care must be taken in the use of words to describe the terms of an investment. The intermediary cannot claim a special or limited offer or a guaranteed return unless it is precisely that. Fimbra will come down heavily on any intermediary who misleads in this respect.

Although any assessment of an advertisement must have an element of subjectivity, Fimbra will set up an advertising committee that will monitor the situation and publish guidelines and recommendations periodically.

To ensure that the rules are kept Fimbra has a team of inspectors who will be making random checks on member firms. Some 600 visits a year are envisaged, and to assist these inspectors Fimbra is recommending that all records are kept for at least seven years.

What will this cost? This depends very much on the method of operation and type of business transacted.

Fimbra has four categories of intermediary varying from those advising and arranging investments but never handling clients' money, to those firms having complete discretion in managing clients' investments.

Fees vary according to category and number of registered individuals in a firm—a sole trader in the lowest category paying £500 a year.

However, in line with SIB's requirement, intermediaries will not need to take out professional indemnity insurance as a condition of authorisation. This is a decision that has aroused considerable controversy, and intermediaries should consider carefully the consequences of not having such cover.

Cure for confusion

John Edwards looks at recent books on financial matters

FINANCIAL brokers and intermediaries face a two-year prison sentence if they fail to comply with the new measures for improved investor protection which will become effective later this year.

However, confusion remains about how the Financial Services Act will be applied and what action needs to be taken.

So a book — Facing the Challenge of Financial Services Regulation — is very timely. Sponsored by the Target Group and written by Roger Anderson, editor of the lively weekly magazine Money Marketing, the question-and-answer form book deals with a whole range of subjects from best advice to polarisation.

Obtainable from Money Marketing, St Giles House, Poland Street, London WC1V 4AX, £6.95.

Retirement is another subject becoming increasingly important for a growing number of people, even though in some cases it may be a few years off yet.

The updated second edition of the Retirement Planning Guide, although sponsored by Allied Dunbar, does not just confine itself to financial aspects. Part one is devoted to health and philosophy for retired people, covering a wide range of subjects from sex after sixty to whether or not you should move house.

Financial advice in the second half is equally comprehensive and there is a refreshing lack of publicity for the sponsor's services. Perhaps that is why the price is £13.50. Published by Longman, the book is available from W. H. Smith and other major bookshops.

From the same stable is the Allied Dunbar Investment Guide. The 1987-88 (eighth) edition just published purports to be written in easy to understand language. However, the method of numbering each paragraph and splitting them up makes it a very difficult book to read, even though some of the subjects like alternative investments contain some interesting material. Comprehensive but almost incomprehensible.

Ironically, an accademic—David Kerridge, principal lecturer at Bristol Polytechnic—provides a much clearer picture for small investors in his handbook Investment: a Practical Approach.

Much better value at £5.95, it is published by Pitmans, part of the Longman group.

• FINANCE & THE FAMILY •

Boost for Canada

CANADIAN UNIT trusts have a mixed performance record. Whereas the best performing trust — Hambros Canadian — has put up a very creditable showing against the average for the whole North American sector, the poorer performers have a rather dismal history.

The Atlanta trust has recently been merged with Atlanta's North American fund which, with a Canadian content still around 40 per cent, has ironically done very well, standing at number eight in the North American sector over three months.

The Canadian trusts as a group have seen a surge in performance over the very short term, largely based on rising commodity prices. It is not this alone, however, which is prompting new interest in the market as a unit trust specialisation.

Recent launches include Royal Trust's Canada fund, part of the Prestige Portfolio trust, and Rothschild Smaller Canadian Companies. The Royal Trust fund tops the North American sector over three months.

Looked at logically, Canada should have attracted more attention from the unit trust industry. *John Arnold*, manager of Crown Canadian Growth, the market's newest entrant, is armed with a whole barrage of reasons why.

Canada vies with Germany for the position of fourth largest world stock market. It is politically stable, having benefitted from Conservative leader Mulroney "doing a Thatcher" for the past two-and-a-half years. Another election is not due until 1989.

Canada does 80 per cent of its trade with the US, and a Canadian dollar standing currently at 76 cents is a welcome boost. So is the coming North American Free Trade area. Canada is seeing its own Big Bang, and Arnold expects an explosion in mutual funds as banks and other major financial institutions are newly permitted to undertake fund management activities. The first quarter of 1987 saw an upturn in overseas investor interest, which could have a dramatic influence on the market.

Reasons for the neglect of Canada by overseas investors seem to be twofold. First, it is seen as a market dominated by natural resources. Second, it is overshadowed by the US.

Managers running a North American trust tend to feel it is not worth making an enormous effort to follow the Canadian market for the sake of a couple of holdings.

John Arnold . . . expects an explosion

Hambros Canadian trust manager Peter Evans Lombe describes Canada as a "terribly neglected market," which has actually outperformed Wall Street long term by a considerable margin. From an approximate position of parity at around 1,000 at the end of 1976, the *Toronto Composite Index* stands currently at over 3,700, compared with the Dow Jones 2,450.

Although Canada is thought of primarily for its natural resources, Evans Lombe points to the large number of major international companies in the market, especially in the banking and financial services sectors, but including the likes of Seagram, now regarded through its subsidiary interests as more an oil play than a whisky producer.

Canada is a late-cycle market, and part of its image problem is that "people tend to go in late and regret it afterwards." A lack of specialist fund managers presumably does not help.

The Hambros trust chose just the right moment in the second half of last year to switch from a financial services to a natural resources emphasis. But Evans Lombe describes his brief as giving "a broad spectrum of what Canada has to offer."

A major problem of a market so closely linked to the US has been the currency. Since the launch of the Hambros trust in February 1985 the Toronto Composite is up 41.7 per cent, or 3 per cent adjusted for the exchange rate difference. The fund, which is unhedged, is up by 21.7 per cent.

What is Hambros's view of the future of the market? "Please don't say I'm a raging bull in Canada," says Evans Lombe. "It has had a good move this year, and compared with other world markets values are attractive."

On the currency question James Rodgers of Royal Trust has a little consolation to offer. Because the Canadian dollar, though following the US dollar's fortunes, tends to under-react in each direction, Canada is "not quite as bad news for the UK investor in dollars as the US."

Advantages which have particularly struck Rodgers in Canada are the new "lean and mean" character of companies after recent cost-cutting drives, and a market which, though large, is "relatively illiquid" because of extensive cross-holdings between companies. This could prove a very bullish point in the event of an influx of foreign money.

Rodgers sees "10 per cent upside minimum this year" in the market, and is bullish long term. The decision on whether or not to invest will depend largely on a currency view: "If you believe the US dollar will go down, don't invest. But I don't believe it will."

Christine Stopp

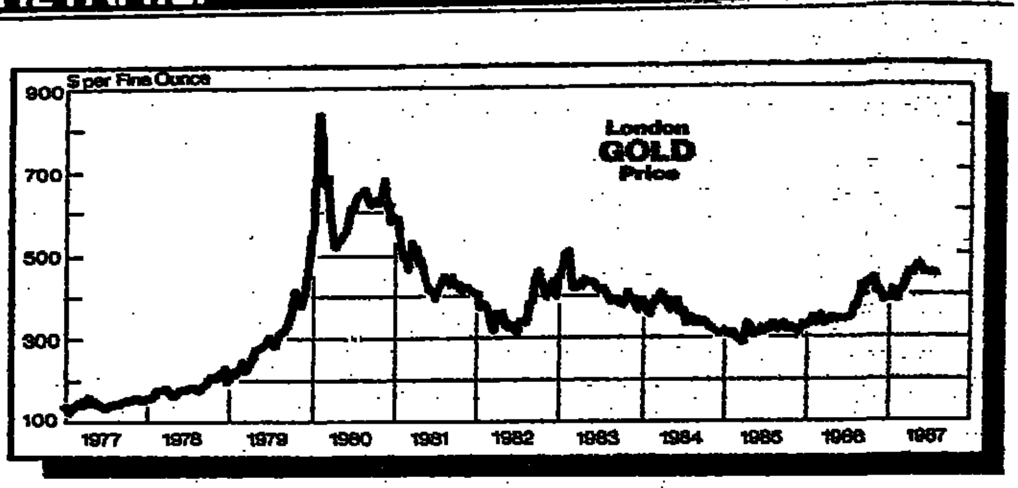
CANADIAN UNIT TRUSTS: PERFORMANCE TO JUNE 1

(Figures show offer-to-offer over six months, rest offer-to-offer bid. All figures income reinvest)

	6 mths	1 year	2 years	3 years
Atlanta Canadian* ...	−16.5	−27.1	−17.4	−15.2
Canada Growth** ...	2.3	−7.2	−26.4	−0.5
Hambros Canadian ...	15.6	6.8	23.5	—
Waveley Canadian ...	6.6	−6.2	22.4	—
North American sector average	4.2	−4.5	14.9	48.1

* merged with Atlanta North American 28.2.87
** managed by Hexagon Services Ltd

Source: Money Management



NO GOLDEN RULES APPLY

IS IT time to pile into gold, following the recent easier trend in the price?

Yes, according to Alan Baker of London bullion broker Sharps Pixley. Writing in the latest issue of *Gold Update*, published by the International Gold Corporation, he sees no cause for concern in gold's inability to maintain the four-year high of $482 an ounce reached in May.

Baker argues that the factors which pushed up the gold price have not changed fundamentally and claims the recent decline is only a temporary reaction.

"Many believe it is only a matter of time before the stock market bubble around the world bursts, and we have seen already the impact this can have on the bullion market if only a small percentage of funds find refuge in gold," he says.

The constructive chart picture for gold remains intact, he adds, and an analysis of the long-term chart from January 1985 suggests a "most dramatic movement over, say, the next year or so."

Baker concludes that the long-term upward trend for gold, which began in February 1985 at £280, has a long way to go and the peaks seen recently are "as nothing to what is to come."

London stockbroker Capel-Cure Myers takes a much more cautious view in a special study, just issued, called: *Gold: Should Investors Be Taking It Seriously?*

Its conclusion is that making a "bull" case for gold on traditional grounds is hard at present, and therefore the metal should not occupy a position in portfolios.

Nevertheless, the study suggests that investors could do worse than have a small holding of gold as an inexpensive hedge against the possibility of a bull market for gold developing.

John Edwards

Hope yet for Europe

Gloom over markets has been exaggerated, says fund manager

AS MANY investors will have discovered to their cost the high hopes predicted by many pundits for the European markets at the beginning of the year have failed to be realised. West Germany and Switzerland were particularly disappointing to start with, although they have rallied recently. While conversely everybody's previous favourite candidate earlier this year — France — has fallen back sharply recently, weighed down by a surfeit of privatisation issues.

However, Guinness Mahon, which launched its European Growth fund last September with high hopes, believes the tide might be turning. Maureen Taylor, who was specially recruited from the Tyndall group to run the Guinness Mahon European fund, admits to being disappointed with the performance so far.

But she thinks that the present gloomy pessimism surrounding the European markets has been exaggerated and that, on the contrary, there is considerable cause for optimism in the months to come.

Her main arguments are:

- Gloomy economic forecasts for West Germany are now fully recognised in current share prices;
- The major part of the French privatisation plans for 1987 has been completed which should dramatically improve the technical position of the market (too many privatisation issues so far this year mopped up available liquidity leaving little buying demand for other shares);
- Return to power of the coalition in Italy removes uncertainty there;
- Inflation figures in Spain showed a fall in May confirming the government's commitment to tight monetary policy.
- Stabilisation of the dollar should encourage confidence once more in export-orientated European markets which have suffered the most from the decline in the dollar.

Meanwhile, Guinness Mahon has plugged a gaping hole in its range of unit trusts — the absence of a Japanese fund — by launching a Pacific Growth Trust. Although Tokyo will represent the largest single share (35 per cent) of the initial portfolio the rest will be spread among the other Far Eastern "tiger" markets currently so much in favour with fund managers.

At the same time the group has also introduced a Global Growth Trust for investors who want an international spread.

J.E.

Profits down, pay up

DIARY OF A PRIVATE INVESTOR

ENCOURAGED by a "tip" in a newspaper, my wife bought shares in Pavion for 74p each in October 1956. The shares soon halved in price and now they are down to about 25p. What happened?

Pavion's record has been erratic. Profits rose from £90,000 after tax (but before "extraordinary items") in 1985 to £2,652,000 in 1986, and then slumped to only £192,000 for the year ended February 28, 1987.

My wife has recently received Pavion's latest annual report. She was rather surprised to discover that, despite the downturn in profits, the outgoing chairman, Roland Smith, apparently received remuneration of £53,750 compared with the previous year's £34,375.

For a company which had a turnover of only £28,799,000, the directors received a total of £1,471,000 — down from £1,586,000 the previous year.

The drop in profits was attributed to a fall in the value of the dollar, "strong competition in the American cosmetics market," "the initial costs of entry for Pavion products in Europe," and losses from now "discontinued operations."

Hopefully, as some of the directors still have share options exercisable at 46p, the profits (and share price) of Pavion will improve, although a return to 74p seems unlikely in the near future.

Pavion, therefore, remains in my wife's share portfolio as its sole reminder of two things — not to follow share "tips" without doing independent research of your own; and to cut your losses and sell shares when the price starts to plummet.

★

ACCOUNTANTS increasingly are adopting "creative practices." Nowadays, if you ask some of them "What is two plus three?" they will reply: "What do you want it to be?"

Some companies in a particular sector use one method of accounting treatment, while others will use a completely different system. The differences can increase a company's profits artificially or disguise all manner of peculiar items.

At long last, the Accounting Standards Committee is conducting an "urgent review" of "merger accounting" where some companies make successful takeover bids and then write down the assets of the taken-over companies to as low a level as possible. The combined companies then have a lower depreciation charge (as they suddenly have less valuable assets), which helps to improve their apparent return on capital and makes the results of the takeovers look very attractive.

But why is the committee reviewing only those rules "urgently" instead of—in my view—examining the much more worrying habit of certain companies of capitalising interest which can disguise the amount of interest owed on money borrowed to finance the construction of, say, new stores?

The present committee consists of 21 voting members, of whom one is a banker and the other 20 all are accountants. Why?

Would a proper review of Britain's educational system be carried out only by teachers? Or a review of prisons solely by warders? Lawyers alone do not decide which laws Britain should have, so why should only accountants decide what accounting standards should be used?

Some of the present accounting standards can almost hide mountains of future debt, while others can help make the profits of companies appear to be whatever financial directors want them to be. It is time that accounting standards really were "standard" and every company followed them.

Kevin Goldstein-Jackson

Domicile decides tax

I have recently become separated from my wife; she is German, has retained a joint nationality and intends to work abroad for at least a year. My wife owns half the house and many of the possessions and under the terms of the separation I can live in the house as long as I wish. She is also the main beneficiary of my will.

On my decease, will the fact that she will be living abroad and the new circumstances, in any way alter the tax position of my estate?

The position is that the £55,000 limit on the exemption for gifts between spouses applies where the donee is domiciled abroad. Thus it will depend on where your wife is domiciled at the date of your death whether there will be a charge to inheritance tax after taking into account the £55,000 limit on exemption and (if not exhausted by other gifts) the then current nil rate band. If your wife is then living abroad but not in Germany, it may well be that she will not have become domiciled where she is living. If she is in Germany it is most likely that her domicile of origin in Germany will have been revived. If she is resident in the UK she could still be domiciled in Germany, although this is unlikely on the facts which you have stated. Otherwise there should be no impact on your tax position at your death by reason of your wife's living abroad.

Additions to a trust deed

In 1984 I set up an accumulation and maintenance trust for my children. Unfortunately I did not feel able to declare the existence of an illegitimate son who was born in 1982 . . . I now wonder if he is a beneficiary under the terms of the trust?

The effect of the trust deed is to limit the beneficiaries to the children who are actually named in the trust and those born after the trust deed. You cannot now enlarge the class to include another child who was in existence at that date as that would be to the detriment of those who are named in the deed. The only solution would be to make separate provision for the child you refer to in your letter.

Assets misplaced

In December 1986 I requested my bank, NatWest, to sell on my behalf: 1,000 Atlantic Assets Trust and 2,000 British Assets Trust. They duly credited my account with £1,090.86 for the sale of Atlantic Assets. They also sold my British Assets for a similar amount but to date my account has not been credited with this sum. In spite of frequent requests the bank has failed to come up with any satisfactory explanation other than that their brokers have lost track of this transaction. What action can I take?

You should require the bank to credit your account forthwith with the net sum which you would have received had the sale been effected on, say, December 17, 1986, together with interest on that sum from the day after the relevant settlement day. If your local manager does not give a satisfactory response, write to the chairman at NatWest head office.

When three is a crowd

My family owns a plot of land adjoining the house. Planning permission was applied for. An appeal was necessary to oppose the local council refusal. Considerable legal costs were incurred.

The partner in the firm of solicitors knew next to nothing about the lawside of building development. He therefore consulted his partners. At the many conferences which followed he and two other partners "sat in." The firm charges £80 an hour for a partner's time. Is there any justification for the firm to charge £240 per hour per conference.

Similarly if you instruct a solicitor you are entitled to expect him to have the knowledge or get it at his own expense.

We think that the charging at the rate of 3 x £80 per hour is excessive. If you cannot get the firm to agree to charge at the rate for one partner's attendance you may wish to consider submitting the matter to the new Solicitors Complaints Bureau.

Appeals on indexation

I have two building society share accounts which were closed during 1986 and for which I have claimed a capital loss by indexation since the accounts were opened in May 1982.

My inspector has replied to my claim as follows:—

"With regard to your query regarding your building society share accounts I would advise you that no indexation is given on accounts of this nature and I enclose your pass books with this letter."

Can you please suggest how I should pursue this claim?

You can simply reply along the following lines:

I give notice of appeal to the Special Commissioners against your refusal (notified in your letter of ....) to allow indexation relief in the calculation of the allowable loss accruing on each of my disposals of building society shares in 1986-1987. The grounds of my appeal are:

(i) building society shares are assets within section 22(1) of the Finance Act 1965, re-enacted as section 19(1) of the Capital Gains Tax Act 1979;

(ii) the balance on a building society share account is not a debt owed by the society to the investor;

(iii) with effect from April 6 1985, section 86(4)(c) of the Finance Act 1982 (as amended by paragraph 1(3) of schedule 19 to the Finance Act 1985) provides that "if the unindexed gain or loss is nil, there shall be a loss equal to the indexation allowance."

You will not actually have to *appear before the Special Commissioners*. This wording is merely a formality, which will result in your case being looked at by a tax officer who understands the law. If, by chance, you still have trouble in getting your allowable losses agreed please come back to us (with the precise facts, figures and dates).

Liability on inheritance

My husband and I gave our jointly owned house, then valued at £50,000, jointly to our two sons (married with families) in December 1982. We are continuing to live in the house, and we pay our sons a nominal rent each year. A proper deed of gift was made out.

How do my sons stand in the event of the property being sold, at our death, as obviously the house is appreciating in value (at present about £140,000). Will they have to pay CGT on the sale?

Also what is the position as regards inheritance tax, as the *gift of the house was made* when the seven-year rule applied, and now there is a 10-year rule.

Your sons will be chargeable to CGT on the difference between the proceeds of sale and the market value at December 10 1982, subject to indexation relief (and the annual exemption for the year of sale). The change in the inheritance tax rules should not—on the bare facts outlined — produce any additional prospective liability to inheritance tax. If you want reassurance on this point, the best source of advice will be the solicitor who acted for you in the preparation of the deed of gift, of course.

Photocopy your deeds

Can you please advise me what can be done to avoid the resultant inconvenience if the deeds of my house are lost/misplaced?

Although these are presently being held by my bank it is possible (although unlikely) that this could happen. Could a photostat copy (possibly marked duplicate) not be made—if so what endorsements (and by whom) would be necessary to make it a valid document?

It would certainly assist in resolving the problem of lost deeds if full photocopies were available. Accordingly, it would be in order to have a set of photocopies of your principal title deeds. There is no need to mark them as duplicate, since a photocopy is clearly not an original document.

Survivor benefits

I have a joint account at a building society with a young member of my family, and my wife has a similar account.

I am aware of the spouse-to-spouse agreement under the present law as it stands.

If I pre-decease the joint holder of the above account, does the account devolve on him/her thus becoming his property and is it thus precluded from being included, in any way, in my estate on decease?

Subject to anything to the contrary in the rules of the society or in the articles of the company, as the case may be, joint holdings do indeed devolve upon the survivor. That does not mean, however, that inheritance tax cannot bite. In relation to CGT, section 49(10) of the Capital Gains Tax Act 1979 provides that "... references to assets of which a deceased person was competent to dispose . . . include references to his severable share in any assets to which, immediately before his death, he was beneficially entitled as joint tenant."

Notice to close roads

As a reader of your paper would you kindly give me your opinion on the following. The Department of Transport is building a new dual carriageway through my farm. Involved in the order to build is a length of existing public highway to be stopped up. The contractors are now working on the dual carriageway, but as yet have not yet stopped up the highway in question. Do they have to give six weeks public notice, with a specific date of closure, or can they close it when they like?

Without having seen the Closure Order it is difficult to be certain, but it is likely that the stopping up is sufficiently provided for in the existing Order not to require further notice to the public.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

CHESS

PUBLISHED CHESS games, geared to entertaining brilliancies, give a distorted view of the practical realities of tournament chess. Of course every master or expert likes to sacrifice his queen for a winning attack; but more often the winning plan is to nurse a small advantage into the late middle game or endgame, wearing the opponent down by constant probes.

Endgame wins have their own impressive logic, but if the process takes 50-60 moves it will appear only in the tournament bulletin or in journals like *Chess Informant*.

The net effect is that average club players simply undervalue the type of positional advantage, such as an active rook or a bishop pair, which can be the basis of endgame success. Additionally, the continued use of adjudication rather than quick finishes in British match play means that time is called after 30-36 moves and the stronger side might have to settle for a draw.

Given the opportunity, a master will head early on for a favourable ending, as in this example from Leningrad's recent grandmaster tournament. White's assets look innocuous—just a better king position and doubled pawns for the opponent—but it takes only a dozen endgame moves to force Black to resign.

No risk of miscalculation, no counter-chances for the loser, little output of nervous energy: in short, the ideal type of win for a pragmatist who wants to keep in good shape for his later rounds.

White: K. Georgiev (Bulgaria). Black: V. Tukmakov (USSR). Caro-Kann Defence (Leningrad 1987).

1 P-K4, P-QB3; 2 P-Q4, P-Q4; 3 N-QB3, PxP; 4 NxP, NQ2; 5 B-QB4, KN-B3; 6 NxN ch, NxN; 7 P-QB3, P-QN4?

This experimental novelty weakens Black's pawn front and is the source of his later problems. *Solid play is B-B4 or P-K3.*

8 B-N3, P-K3; 9 N-B3, B-K2; 10 0-0, B-N2; 11 Q-K2, 0-0; 12 N-K5.

White's last two moves made it difficult for Black to straighten out his pawns by P-QB4 and also set up the tactic 12 . . . R-K1? 13 NxKBP!

12 . . . Q-N3; 13 B-N5, P-B4?

Freeing his game, but accentuating the pawn weakness. *QR-Q1 is better.*

14 PxP, QxP; 15 BxN, BxB; 16 N-Q7, Q-B3; 17 NxB ch, PxN; 18 P-B3, Q-B4 ch.

Black is a Soviet grandmaster, but seems innocent of what is to come. However 18 . . . KR-Q1; 19 KR-Q1, K-N2 (else 20 Q-K3); 20 Q-KB2, P-QR3; 21 R-Q4 is also difficult, since White threatens to double rooks or switch his Q4 rook to the K-side.

19 Q-B2, QxQ ch; 20 KxQ, KR-Q1; 21 KR-Q1, B-B3; 22 RxR ch! RxR; 23 R-Q1, RxR; 24 BxR, P-B4; 25 K-K3, P-K4; 26 P-KN3, P-B3; 27 B-N3 ch, K-N2; 28 B-K6!

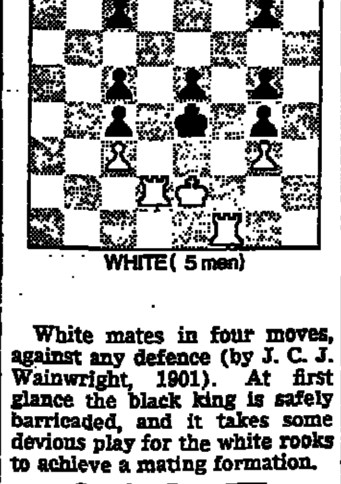
The key to the ending. Black is tied to defence of his weak doubled pawn, while White can create a passed pawn on the other flank.

28 . . . K-N3; 29 P-KB4, P-QR4 (if P-QR3; 30 B-B8); 30 P-QR4! PxP; 31 P-B4, B-K1; 32 P-B5; 33 B-B8! Resigns.

An effective *zugzwang*. Black soon runs out of pawn moves (33 . . . P-R3; 34 P-R4) when he must either unguard his KBP or move his bishop and allow B-Q7/N7 when the passed pawn wins.

PROBLEM No 678

BLACK (8 men)

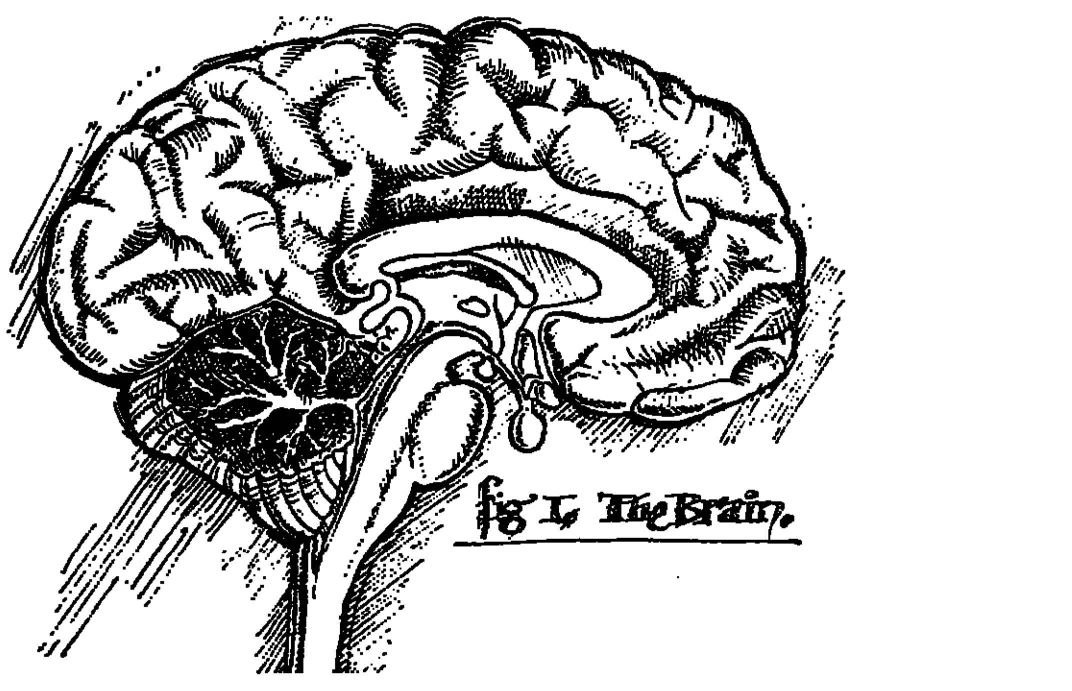


WHITE (5 men)

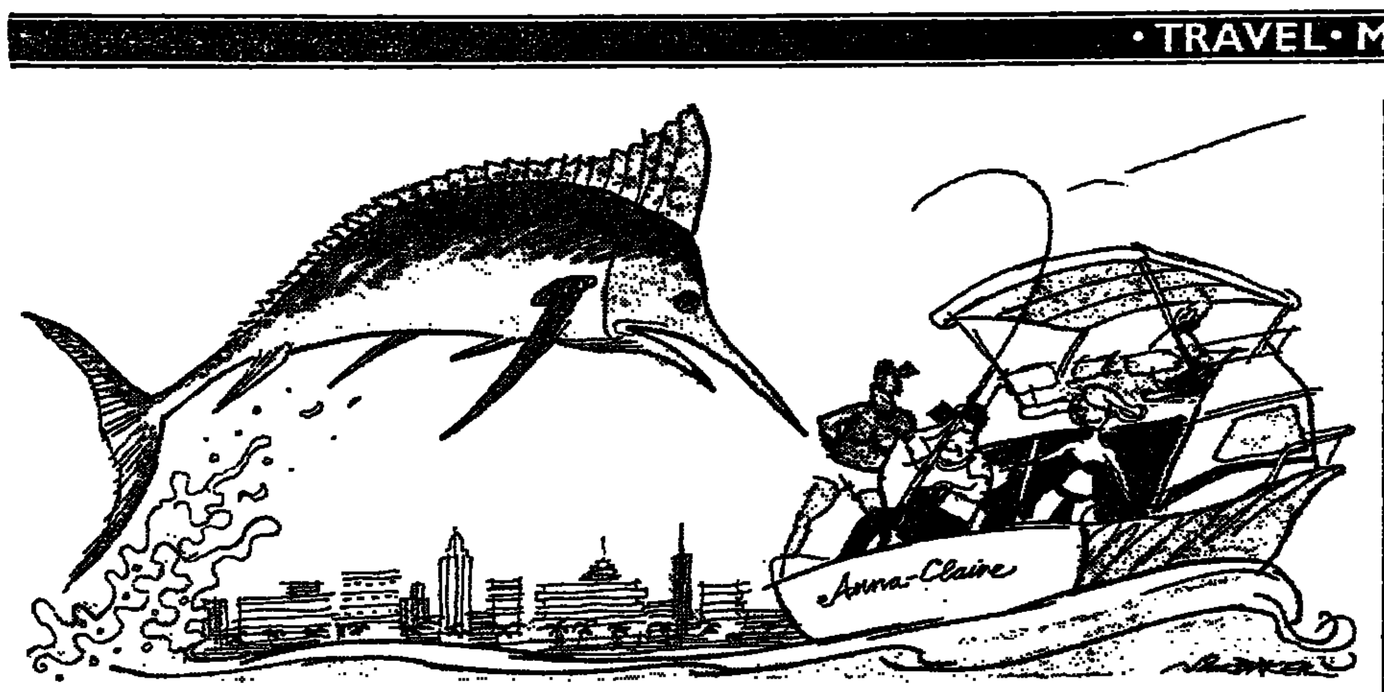
White mates in four moves, against any defence (by J. C. J. Wainwright, 1901). At first glance the black king is safely barricaded, and it takes some devious play for the white rooks to achieve a mating formation.

Solution Page XIX

Leonard Barden



• TRAVEL • MOTORING •



Nigel Andrews visits the subtropical US island that lured Ernest Hemingway and Tennessee Williams

Key to Florida's writers' retreat

YOU CAN *fly* in a sea plane, eat alligator steaks, take part in a conch-blowing contest, visit Hemingway's house and eat in the southernmost restaurant in the US.

Four years ago in Sicily, Tennessee Williams first described to me the wonders of Key West. Key West, he told me unsolicited (I was supposed to be interviewing him about his career), was about the best place in America for a traveller to visit or a writer to live in. Afloat far out in the Gulf of Mexico, it was part of America and yet apart from America. It was, he said, beautiful, sun-drenched, full of subtropical trees and flowers, and well-deserving of its informal local name, Paradise.

He was right. You reach Paradise after driving across the 100-mile chain of islands known as the Keys, which dangle from the end of the Florida peninsula. The town of Key West is clustered on the western end of the last island, a criss-cross of streets whose style might be called time-warped picturesque. White wooden houses with shutters and gingerbread balconies are fanned by palm trees or peer out from behind the giant trailing roots of banyan trees.

You could be on some lost exotic island out of a Joseph Conrad novel. And until the 1970s Key West almost was a lost island, at least in tourist terms. There was a perfunctory water supply, which allowed most people one rusty trickle of a shower per day, and the long drive across the Keys could be a deterrent, since all the bridges had slatted sides whose relentless flicker could cast you into a hypnotised slumber.

Now fresh water is pumped all the way from Miami, and the bridges have been rebuilt to help keep you awake. If you do not want to drive, Key West also has an international airport, with regular shuttles from Miami.

But the wonder of the island is that it still seems unspoilt. It has only one obviously commercialised street: Duval St. a many-coloured gauntlet of clothes-shops, picture galleries and hotels which runs from south to north coast of the island (a mere two miles). In peak season this becomes a gaudy thoroughfare for cars and pedestrians, the latter pausing at almost every shop or peering curiously into the famed Sloppy Joe's, once Hemingway's favourite bar and still a place mainly for locals, roisterers and heavy drinkers.

Hemingway is one of many noted scribes who have set down typewriter in Key West in this century. (Others include Tennessee Williams, Gore Vidal and James Leo Herlihy). But he is certainly the one most keenly adopted by the locals. His house in Whitehead St is set in gardens luxuriant with semi-tropical trees and patrolled by 50-odd cats. Guided by a bearded Hemingway look-alike with a twanging Southern accent, you can see the writer's studio, his fine collection of Spanish furniture and the Olympic-size pool his wife had built during his absence in Europe during WW1 (the first swimming pool in Key West).

Less literary highlights of your trip to Paradise should include a visit to the town's bizarre cemetery, where all the bodies are buried above-ground in stone sarcophagi because of the island's high water-table, and attendance at one of the sunset-watchings in Mallory Square. Here, each evening, hundreds of people jostle on the quayside to watch what is reputed to be one of the most beautiful sunsets in the world.

Honesty forces me to say that it looked like any other sunset to me. But you cannot fail to warm to the busking delirium that goes on all around —jugglers fire-eaters tightrope walkers—or to the storm of applause that always greets the sun's final disappearance.

Mallory Square also hosts the annual Conch Blowing Contest (each March). Here you can test your lung power with the local seashell, somewhat fancifully described by this year's master of ceremonies as "the Stradivarius of our island."

If you want a day out of Key West, take a sea-plane trip to Dry Tortugas and visit Fort Jefferson. This gigantic ruined Civil War fortress sits on an island in the middle of nowhere and has as strange a history as any monument in America. It fell victim to everything from structural subsidence to yellow fever, and its star prisoner in the 1860s was Dr Samuel Mudd, the doctor who treated Lincoln's assassin. (You can see his cell.) Around the Fort's majestic base you can go snorkelling in a limpid sea, and for the $90 cost of the trip you also get *en route* a thrilling bird's-eye view of the ocean and its inhabitants—sharks, turtles, manta rays, porpoises.

Hotels in Key West are variable. After the gruelling experience of flying with Virgin Airlines—five hours late leaving Gatwick (and the same from Miami)—I needed a comfortable place to collapse in. But Key West's reputedly premier hotel, Pier House, is flattered by its reputation. After three expensive nights of thin walls, unpredictable room service and a location near the generator, I moved to a room in one of the town's many guest houses.

Suddenly I felt I was in the true Key West. Wooden walls, old fashioned ceiling fan, palm trees brushing the windows, and a verandah from whose white gingerbread eminence I could survey the street life while drinking a Hemingway-like beer or smoking a Conrad-like cigar. If you visit Key West as a tourist you are almost certain to want to go back. If you visit it as a writer you will probably never go away.

Robert Simpson agrees that Scotland's second city is "miles better"

The gentrification of Glasgow

WHAT HAVE the following got in common — Athens, Florence, Amsterdam, Berlin, Paris, Glasgow? Answer: each has been nominated in successive years as European City of Culture—Glasgow for 1990. Surprising? Not a bit, once you've been to Glasgow. I was completely bowled over.

Glaswegians have created an immense head of steam, both public and private, and spent millions to titivate the city, develop a diverse cultural life and project Glasgow as a tourist city. Within a year of opening, for example, the Burrell Gallery had 1.25m visitors, and so became Scotland's top tourist attraction.

Tobacco barons, textile tycoons, shipbuilders and famous engineers built the greatest Victorian city in Britain—"Aye, the most magnificent Victorian city in Europe" —though mistakes have since been made, with precious buildings razed. St Enoch's railway station, which was comparable to St Pancras, has gone, though mercifully the railway hotel at Queen Street station, in the heart of the city, remains, under the new name of Copthorne.

For a tour on foot, start with the 12th century cathedral and don't miss Blacader's Aisle or Chapel. Beyond the cathedral, and linked to it by the Bridge of Sighs, is the Necropolis, a magnificent Victorian cemetery. John Knox, in cap and gown, presides over a fine view of the city, but more immediately over acres of marble and granite raised in obelisks, epitaphs and elaborate memorials commemorating Victorian merchants.

Some of them, no doubt, loved money for its own dear sake. Old man Burrell, in contrast, loved money for the beautiful things it could buy. According to John Julius Norwich, no municipality in all history has ever received from one of its native sons a gift of such munificence as that given to the City of Glasgow by Sir William and Lady Burrell, including paintings, sculpture, tapestries, ceramics, stained glass, furniture, silver, metalwork and *objets d'art* of every kind from three continents and from virtually every period.

What fun and excitement Burrell must have had as the millionaire magpie who put together one of the most wide-ranging and probably the largest art collections assembled by one man in Britain. It helped, of course, that he lived until he was 96 and was buying to the last. He started when he was 15.

In 1885 he and a brother took over the family ship-owning business. They bought ships in a recession, sold them at the height of the market, and bided their time for the next big dip in the market. It seems they got it right on three occasions, and finally sold out in the First World War.

So with art. He bought in a depression, or when something had gone out of fashion, or had not yet been acclaimed. In 1926, when Degas was still relatively unknown, Burrell bought his most expensive Degas painting for £6,500. In all he bought 22 Degas, each one now worth £1m at least. His most expensive purchase was the Franz Hals *Portrait of a Gentleman* for which he paid £14,500—and that *only* 40 years ago.

The collection is enormous (8,000 items), but equally impressive is the skill, expertise, imagination and taste with which the items are displayed in a modern and agreeable building.

It is worth giving a whole day to the area around the art galleries in Kelvingrove Park. Overlooking Kelvin Park from the other side is the university, plus a series of attractive classical terraces and crescents, some of them gobbled up by the university, but many still inhabited by Roy Jenkins supporters, for this was his constituency, Hillhead, until the last election.

The best place to start a walkabout in the heart of the city is George Square —armed with an indispensible folder called *Glasgow City Centre: Architectural Heritage Trail* (price 30p). It has an excellent little map which is easy to follow, because the heart of Glasgow is built on the grid-iron pattern.

The City Chambers are an extravaganza of Roman-style marble, mosaics and murals. Nearby is the Merchant City, most of it dating from the last century, while Hutcheson's Hall is now the National Trust for Scotland Visitor Centre and Office. In Virginia Street there is a close, leading to a high galleried hall that was formely the Tobacco Exchange.

I witnessed a tragedy. One of the city's best known buildings — the early cast-iron Ca' d'Oro — named after the original on the Grand Canal—burned down that day before my very eyes.

Glasgow is rich in the performing arts, being home to the Scottish Opera, Scottish National Orchestra, Scottish Ballet, the Scottish Early Music Concert, Citizen's Theatre, International Folk Festival, Glasgow International Jazz Festival and the Royal Scottish Academy of Music and Drama. The city's arts Mayfest has burgeoned in the last three years and received international coverage. And Glasgow is building a £20m concert hall.

Next year the city's new Scottish Exhibition and Conference Centre on the bank of the River Clyde will host the National Garden Festival.

● By Air: Glasgow Airport is 15 minutes from the city centre. By Rail: There is a frequent daily high-speed rail service to and from London with a journey time of five hours. Comfortable overnight sleeping cars are available. By road: There are direct motorway links with all major cities south of greater Glasgow.

● Highland Helicopter Holidays have launched a Scottish Grand Tour from Glasgow Airport. For £2,400, guests stay for six nights in private mansions and country house hotels and a liveried chauffeur is at their disposal. There are daily helicopter excursions around "the last wilderness in Europe," a visit to Glencoe Mountain Rescue, a meeting with climber Hamish McInnes and a champagne picnic on a remote beach in the Western Highlands, weather permitting. For further information contact Patsy Erskine-Hill on 041-427-0777.

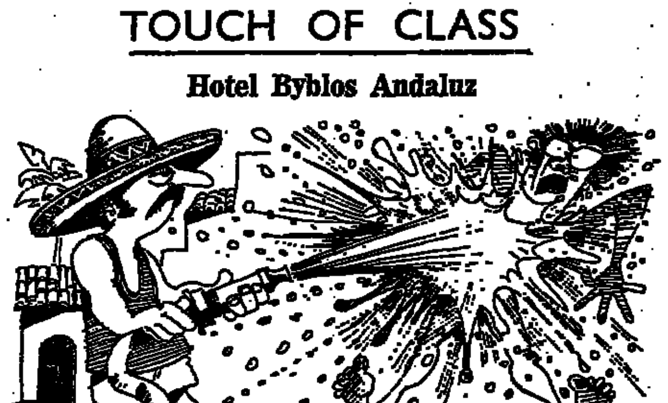
The collection of William Burrell, the millionaire magpie, attracted 1.25m visitors last year

Ian Davidson combats executive stress in grand style

The medium is the massage

TOUCH OF CLASS

Hotel Byblos Andaluz



I WAS SORRY the moment I said yes. Go and look at this new hotel, they said. On the Costa del Sol, they said. And I said Yes. But I hate travel and hotels make me feel lonely and depressed. The grander they are, the lonelier and more depressed they make me feel. And on the Costa del Sol!

I was wrong. In the first place, the Hotel Byblos Andaluz is not right on the Costa del Sol, but set back from the sea out of sight of all those interminable apartment blocks along the coast road. Second, it turned out to be the first grand hotel in my (limited) experience that seriously challenged my belief that grand hotels are daunting, impersonal beasts.

The initial approach is unprepossessing, on a pot-holed road which winds uncertainly into the hinterland. Part of the explanation may be that the hotel has only been open since last year. When it heaves into view, it becomes clear that it is of a very striking, not to say eccentric design, with blue-tiled gables and curves and varied pillars and covered balconies and a pointed tower.

Inside, the aspect seems just as striking but not at all eccentric, with obvious allusions to traditional Andalucian-Moorish and Provencal themes. There are numbers of individual fountains, and one large descending pool enclosed by a curved rotunda, plus a large three-storey courtyard with orange trees. Beside the hotel there are two swimming pools of irregular shape.

In fact, variety is a dominant theme of the design of the hotel. There are none of those long straight corridors, which seem to characterise most other modern hotels for the sake of efficiency and profitability. Instead there is a proliferation of arcades, halls, steps, slopes, corners and colonnades, so that all internal vistas are varied.

It is not a very large hotel — only 135 rooms — but it is generous in horizontal space, all the rooms having at least a partially separate sitting area and a balcony, not to mention two showers, a nine-channel satellite TV set, and a large, extremely comfortable double bed.

For distraction, the visitor has four main options: tourism and sight-seeing, golf, thalassotherapy, or indolence. Andalucia is extremely rich in cultural attractions: the Alhambra and Generalife at Granada, the Alcazar and cathedral at Seville, the mosque at Cordoba, to name but three of the most famous places. The trouble is that Granada is 100 *miles* away, and the other two 150 miles, so it is hard to fit in any sight-seeing on a one-day round trip.

More accessible are Mijas, which is a picturesque mountain village within sight of the hotel and which is, frankly, something of a tourist trap, or Malaga (20 miles away), which is a substantial but attractive city. If you want to avoid substantial cities, however attractive, it is worth making the effort to visit Ronda, a mountain town 75 miles away, which has Spain's oldest bull-ring, a cathedral, and a spectacular canyon which splits the town down the middle.

It is, of course, also possible to jostle briefly with the hordes at Torremolinos, ogle the opulence of the Marbella Club, or envy the size and number of the motor-launches in the marina at Puerto Banus. But presumably these would not be top priorities for someone who had deliberately *chosen* not to stay in a sea-side hotel.

The Byblos claims to be the only hotel in Europe with two 18-hole golf courses on the doorstep—in fact they surround it on three sides.

Thalassotherapy is a thermal bath technique with heated sea-water, which is used to treat some arthritic, circulatory, inflammatory and rheumatoid conditions, and the Institute of Thalassotherapy—looking a bit like a Greek temple—is bang next to the hotel.

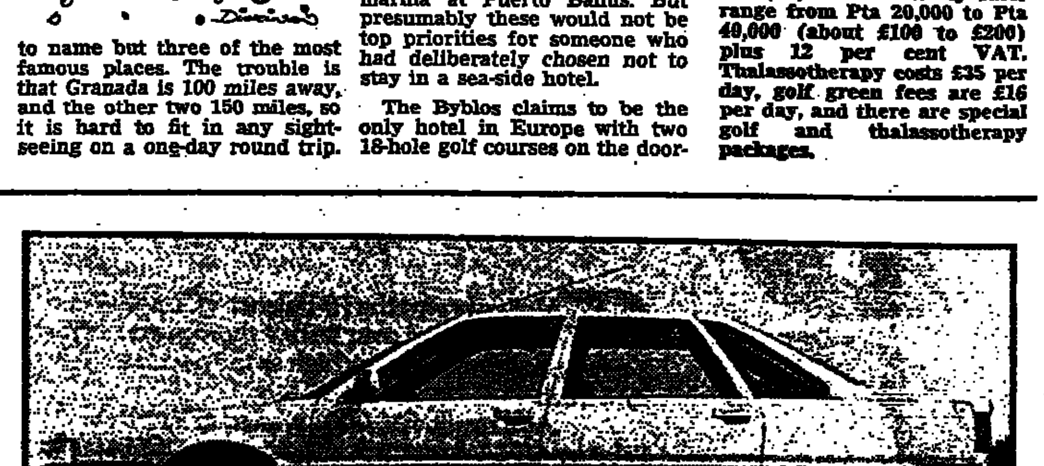
Since the therapy is also claimed to be suitable treatment for "executive stress," I tried some of the hot-water massages, which are administered either in large bath tubs or in exercise swimming-pools. The most spectacular is a massage from 15 feet away by a fire-hose.

That night I was surprised to discover a large bruise on each buttock. When I questioned Dr Victor Martin Hurtado, one of the two supervising doctors, he smiled delightedly: this was an excellent symptom of the benefits to my circulation.

● **The telephone number of the Hotel Byblos is (52) 47.30.50 or 46.02.50, telex 79713, fax (52) 47.67.83. Daily rates range from Pta 20,000 to Pta 40,000 (about £100 to £200) plus 12 per cent VAT. Thalassotherapy costs £35 per day, golf green fees are £16 per day, and there are special golf and thalassotherapy packages.**

Stuart Marshall tries out the new French arrivals

Another Gallic hot rod



The Renault 21 Turbo: "an image-building car"

THE FRENCH car industry really has got the high performance bit between its teeth.

Hard on the heels of the close to 130 mph (210 km/h) Peugeot 309GTi, announced in April, comes the Citroen BX GTi 16 valve. This roomy five-door has 160 horsepower under its bonnet and Citroen claims a 135 mph (217 km/h) maximum. It reaches Britain towards the end of this month and will cost under £12,500.

Announced in France last month was a hot version of the new Peugeot 405 with a similar power train to the Citroen BX GTi 16 valve. If current trends are followed, this will be pricier than the Citroen but it will be early 1988 before it arrives here.

Renault, with a lot of expertise expensively won on the grand prix circuit, puts its faith in turbocharging rather than multiple valve. Its first venture was the old 18 saloon, followed by the little 5 and the 25 saloon.

Its latest, and perhaps the best yet, is the 21 Turbo. This has a 175 horsepower turbo-charged two-litre with inter-cooling. (An intercooler is a heat exchanger between the turbo-driven compressor and the fuel injection system. Compressing air makes it hot (remember the connector on your bicycle pump?) and engines run better on cool air. The intercooler takes out some of the heat before letting the air into the engine).

Renault claims 140 mph (225 km/h) maximum speed for the 21 Turbo and a couple I drove in France recently were enormously muscular. But it was not just their speed potential that impressed: their handling when pushed very hard and their refinement on the road were remarkably good, too.

The trouble with all these high performance cars is that one cannot possibly extend them on public roads without putting life, limb and licence at risk. But I spent an informative afternoon on the sinuous circuit at Ledenon, near Nimes, driving a 21 Turbo to the limit. Actually, my limit rather than the car's. My courage ran out before the car could get into trouble.

Next day, in pouring rain—France too has had a rotten summer—I saw the side of the car that will probably be more important to a majority of buyers. The standard ABS brakes that worked so well on the circuit were reassuring on wet roads. The suspension which allowed cornering at outrageous speed at Ledenon gave a highway ride of typically Renault comfort.

Despite its sporty appearance, with aerodynamic aids galore, the 21 Turbo is furnished like an executive car, with luxurious seating, electric windows and central locking.

The 21 Turbo is an image building car for Renault and is seen as a competitor in the same class as the BMW M3, Ford RS Cosworth, Mercedes 190E 2.3-16 and in Britain, the Montego MG Turbo. Well, maybe. As I have observed here before, high performing cars are bought for other things than high performance. Can a Renault diamond ever carry the prestige of the three-pointed star or blue and white chequered badge? I doubt it. But there can be no argument that the 21 Turbo is a remarkable combination of speed and comfort, handling and braking at what promises to be an affordable price. My guess is about £15,000.

Country Property

London Property

• PROPERTY •

Barratt makes its mark on London

Small slivers of inner city wasteland are being snapped up for lucrative development, says John Brennan

THE BEST way to see the quiet transformation of Sir Lawrie Barratt's housebuilding group over the past few years is to look for the former public baths off Hartismere Road, Fulham, SW6. The bulldozers had already attacked the old bathhouse buildings before Barratt arrived, and neighbours overlooking the rubble may well have wondered what anyone could do with this little sliver of inner city wasteland.

An awkward site like this would gather weeds in most parts of the country. But this land lies a few hundred yards from the far western stretch of the King's Road, surrounded by modest Victorian homes now retailing at a quarter of a million pounds and more. Barratt snapped it up, setting architects to work on the design for a quality mews, builders to instal the group's now familiar electric security gates, and laying out the planted areas of landscaping within a white walled courtyard. Now, the last few of the 13, two, three, and four bedroom, freehold properties in therenamed "Palace Mews" are being snapped up at between £220,500 and £250,000 a time.

Just to eliminate any echoes of the old image of Barratt as an exclusively big estate, volume housebuilder turning out basic homes for first-time buyers, five and six of those "Palace Mews" homes will have been sold to non-resident investors keen to get a fully fitted-out Fulham property to let and eventually trade on.

For David Pretty, the Hartismere Road site is just one small part of the £65m development programme on Barratt Central London's book at the moment. It is six years, almost to the day, since Sir Lawrie dispatched David Pretty to the capital with the job of creating a London residential development operation for the group.

Barratt had nibbled around the edges of London for years, but without a greenfield site big enough to land a helicopter on—let alone one to take a housing estate—the group had made little impact on the London market.

Setting up the Central London operation six years ago, "was building a business from a standing start" recalls Pretty. "There aren't any simple bits of London left, you do have to find sites where you can." Find them he did though. With the benefit of having the parent company's financial resources in the background, he found surplus council land, and factory land where businesses had moved out of town, and often formed partnerships with councils, and housing associations.

"Although there are lots of people doing inner city work like that today, we did feel a sense of being pioneers in the early days," he says.

Since 1981 Barratt has built homes for council and housing association tenants, studio flats which sell from £35,000 and luxury homes which go for up to £750,000. As opportunist builders the company sees nothing incongruous about a workload that includes a £27m partnership scheme with Ealing Council, to turn out 256 new properties for the homeless, and the building of big luxury houses such as those of "Dulwich Gate"—which attracted publicity when Margaret and Denis Thatcher expressed their interest in the development.

Barratt East London was set up in a similar, standing-start way by Richard Reynolds a year after the Central London operation. But the housing problems on that side of the capital were far more obvious than in the west, and Reynolds' business has paralleled the explosive development of the Docklands.

There is just as much building work under way in the west. London prices have fuelled more residential development and conversion work than at any time since the reconstruction period immediately after the last war. In the current wave of developments the competition is toughest at the top end of the market. Pretty is concerned about the number of inexperienced developers attracted by the bull market in property and by the fact that "there is no problem at the moment selling any property in the right location."

He feels that the amateur developers and converters, who now regularly out-bid established construction groups and housebuilders for small sites throughout central London, may do well if there is a continuing 15-20 per cent rise in the selling price of central London homes in coming years.

But underfunded developers are vulnerable to any hiccup in the market, and even a gentle decline in the rate of price increase could easily make a nonsense of the cash-flow forecasts of a number of currently high rolling conversion companies.

Six years of snapping up sites where he can has made David Pretty a realist though. If there were to be a market share-out with newer, overstreched developers having a clearance sale of sites, he would be in the queue of buyers.

The number of non-resident investment buyers for Barratt properties in London has stayed fairly consistently around the 20 to 25 per cent mark right from the start of the company's operations. "Investors far prefer new-built properties to conversions, although we're careful not to sell too may flats or houses in any one development to people who will be renting them out. It can unbalance the scheme."

Pretty takes Barratt property information to Hong Kong, where he has managed to sell in the past two years, London homes, worth more than £9m altogether—everything from £50,000 studio flats to half a million pound detached houses. The property is sold to local Chinese investors as well as expatriates. As one of the few builders to go direct to that market he's avoided the problems faced by agents, many of whom still find that British sales teams have to live down the dubious reputations earned by carpet baggers who over-sold London residential schemes in the early 1980s.

David Pretty

Barratt's group forms part of a wider reshaping of the company which has reacted to the high cost of building land by moving up-market. Sir Lawrie Barratt reported last year that first-time homes, which accounted for 70 per cent of Barratt's building work in 1983, represented less than half the group's output for the first time last year.

This year less than 30 per cent of Barratt homes will be specifically targeted for new home owners. "We are convinced," he says, "that the large increase in home ownership in recent years will bring in its wake increased demand for larger houses."

The old image of the group producing serried ranks of new houses on greenfield sites is becoming out of date as well. Over half of Barratt's UK homes are now built on "grey land," inner city or redundant industrial sites, the kinds of spots which David Pretty and Richard Reynolds spend their time tracking down across London.

If the Barratt output is changing, what about the houses themselves? That they have moved up-market is self-evident, for most of the London properties for sale now come with closed circuit TV security systems, luxury fitted kitchens and bathrooms which sport tubs with whirlpool jets and chunky brass fittings. Outside, an open-ended range of designs reflect the way architects are interpreting the sites. Yet there are some common elements, and the properties do all seem to present a curiously timeless mix of styles.

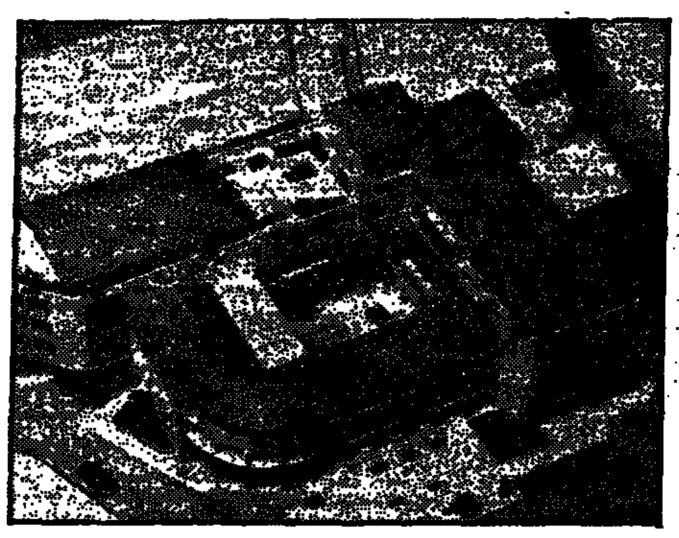
"Personally, I prefer classical architecture," says Pretty. In practice, it would be hard to identify the 1987 house since facades marry the Georgian and Regency look with an occasional Edwardian touch, in a bland style that owes more to market research than architectural originality. And that, of course, points to the one aspect of Barratt that hasn't changed over the years.

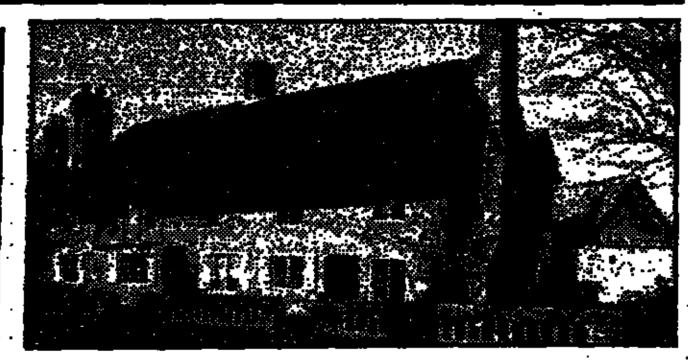
In the 1970s estate houses sold, so Barratt built them. Now the market is for homes fitted into odd, jigsaw sites in London, for council refurbishment projects, or for secure, gated enclaves of lavishly fitted big family houses. It may not be the way to stamp any distinctive residential style on the age, but it all sells.

THERE ARE few opportunities to buy a home in Gibraltar, and more than nine in ten of the 29,000 permanent residents live in government rented accommodation. Gibraltarians living away from the Rock have to join a lengthy queue for rented space if they want to have a base there, so those temporary exiles are likely to join the executives doing a tour of duty in Gibraltar's expanding offshore financial businesses and holiday home buyers in looking at Taylor Woodrow's 24-apartment scheme at Cornwall's Court, just off Main Street (picture right). The flats form part of a collonaded shop and office development that Taylor Woodrow is building on the site of the old education offices and which is due to be completed next August. Flats at Cornwall Court range from 550 sq ft studios for £55,450, and 650 sq ft one-bedroom flats for £58,450, up through a range of two-bedroom units giving around 900 sq ft and costing from just over £72,000 to £81,500. There are a couple of three-bedroom flats with 1,200 sq ft of space costing £112,950 and £114,950, and two top-floor four- and five-bedroom flats, the largest of which spreads across 2,400 sq ft and costs £274,950.

Car parking spaces are almost as precious as buyable flats on the Rock, and so the 23 car parking spaces available to buyers of the 149-year leases are being sold separately, at £7,500 apiece.

Taylor Woodrow (01-977 6841) is handling advanced sales of the apartments directly, and is asking for 10 per cent deposits with stage payments through to the completion date. J.B.





JANE AUSTEN'S neighbours would have been taken aback to find that their 16th and 17th-century thatched house in the Hampshire village of Chawton is now on the market through Weller Eggar at Alton (0420 82901) for £230,000. "Clinkers," a five-bedroom house with three-quarters of an acre of garden, stands next to the novelist's home. It also stands next to the main road in the village, but Chawton was by-passed some years ago so heavy traffic goes elsewhere.

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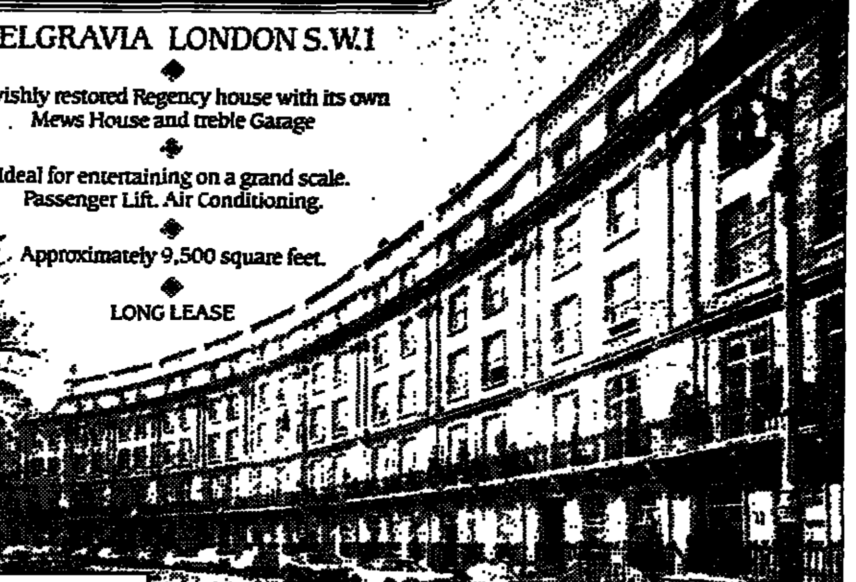

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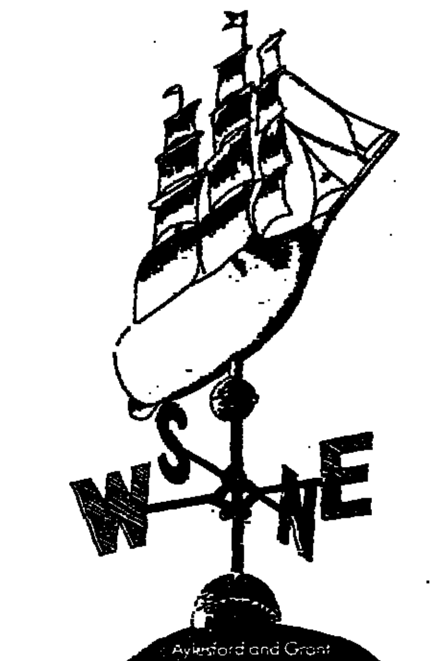
A wind of change in Docklands



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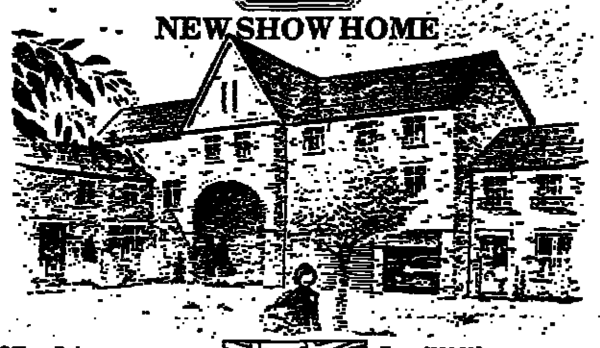

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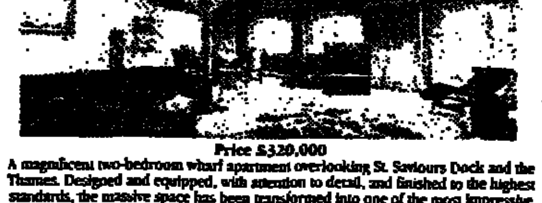

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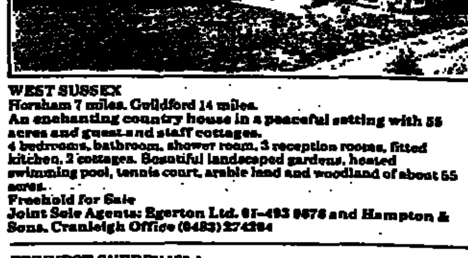

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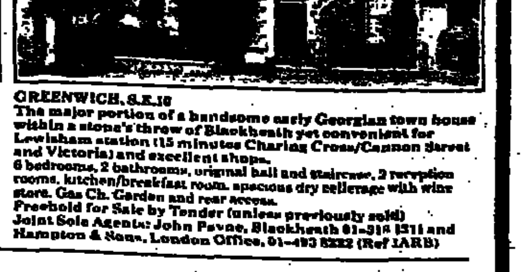

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• PROPERTY •

Beware those Bahamas bargains

There are good buys but some of those islands in the sun can provide plenty of headaches, warns KEN MacTAGGART

ABOUT 100, perhaps more, of the Bahamas' 700 islands are up for sale at any one time, with prices starting as low as $50,000. But many of the small cays, as the low islets are known, are over-priced in relation to what they offer. They often take a long time to sell, if ever they do. And should the intending buyer be a foreigner, he could have a long wait for government approval of his purchase.

Surmounting these hurdles is not the end of the story. Having bought an island, the owner also acquires the logistical headaches that go with it, not least the problem of actually getting out to the home of his dreams.

The point is well illustrated by listening to the local radio station. Several times a day it puts out messages to the caretakers living on outlying islands not reachable by telephone, asking them to meet arriving seaplanes or boats or to make other arrangements.

This is a reminder of the remoteness and lack of facilities on some of the apparently bargain cays. The Bahamas does not yet have a comprehensive telephone network, and to install a radio-telephone on a remote island could cost up to $15,000.

Owners usually will have to employ a resident caretaker to look after their property full-time, and often must charter a seaplane to get to the nearest sheltered water before completing their journey by boat. Fuel for electric generators might have to be shipped in by tanker, tradesmen must be flown in, and the basic running costs of an island may be between $500 and $800 a month. And if an owner proposes to build his own home on such an island, he starts by chartering a landing craft . . .

"People do have this idea that they want to own their own island," says Nassau estate agent Neil Mactaggart Jr. "But they don't appreciate the access problems. It can take ages to get out to some of them."

Not everyone is deterred by the problems or the costs, though. The fantasy of owning an entire tropical island and living Robinson Crusoe-style under the swaying palm trees has become a reality for some, including Britons, West Germans and Americans.

Among the options available to those of a similar mind is Highborne Cay. It is the most northerly inhabitable island of the Exuma chain, a line of popular cruising islands which extends south from New Providence Island and Nassau, the Bahamanian capital. This gives it comparatively convenient access to Nassau's international airport, just 45 miles away.

Highborne is already laid out as a small private resort with four guesthouses, staff accommodation and surfaced roads. Its proximity to Nassau means it has good potential for development as a major hotel or resort site. But the $7m being asked by the agent, Previews of Palm Beach, Florida, has deterred buyers for several years.

Further south off the Exumas are the Brigantines, and here Clove Cay is on offer, again from Previews, at $1.8m. This private island of 144 acres has a spacious 3,000 square feet three-bedroom home; but although it has plenty of fresh water, a good harbour and several white sand beaches, its location is somewhat remote.

The northern end of the Bahamas chain, with its quicker access to Miami's international airport, has the strongest property market among the so-called "out islands" or "family islands." The Abaco chain, lying on the edge of the Atlantic off Grand Bahama, offers superb yachting and has probably the fastest-growing property market at the moment.

You may be able to buy an island in the sun but can you afford to live on it?

The town of Marsh Harbour on Great Abaco has direct connections with several Florida cities from its newly-modernised international airport, and hence good links with the rest of the world. In the waters just off Marsh Harbour lies Matt Lowe's Cay, an exceptionally well-located private island.

A five-minute drive from the airport, followed by a 10-minute high-speed boat ride, conveys the arriving visitor to the complete seclusion of this 54-acre wooded island. Two houses sit on the topmost point and their high balconies offer what is arguably the best view in the Bahamas, across improbably turquoise waters to Atlantic breakers crashing white on the reef.

The rest of Matt Lowe's Cay is covered in luxuriant native vegetation and extensive fruit plantations tended by Tony, the resident Haitian caretaker.

Its German owner has solved the mosquito problem which bedevils so many Caribbean islands by draining the interior mangroves with a polder-like array of miniature canals. Electricity is cabled in from Great Abaco and cisterns hold an adequate supply of rainwater. A protected inland harbour has been excavated, connected to the sea by a short waterway.

The result is a nicely-situated island with good infrastructure suitable for development as a resort or hotel, a fact reflected in the asking price of $4m.

Half-an-hour by boat, or a brief flight by charter aircraft, from Marsh Harbour is Scotland Cay, a large private island on the ocean's edge. This is being divided into building lots costing between $100,000 and $350,000 an acre, depending on location, with the coast naturally commanding a premium.

Buyers must add building costs of $65 to $85 a square foot and $1 a gallon for a cistern, the capacity of which probably would be between 10,000 and 15,000 gallons. Thirty-four houses have been erected already and a builder from nearby Great Guana Cay is adding two a year.

Foot's Cay is an 18-acre island with one house and a superb harbour, lying in somewhat remote waters between Great Abaco and the fringe of islands on the Atlantic rim. Its location is reflected in the $895,000 being asked by its residents of the past 16 years, and buyers are showing a keen interest. The price includes house furnishings and a golf cart for getting around the island, but not the boats.

Property-seekers entranced by the Bahamas but not hooked on seclusion may well prefer to stick to New Providence Island for the convenience that Nassau offers. At the western tip of the island, Lyford Cay is one of the Caribbean's most exclusive residential estates and several international celebrities are among its owners.

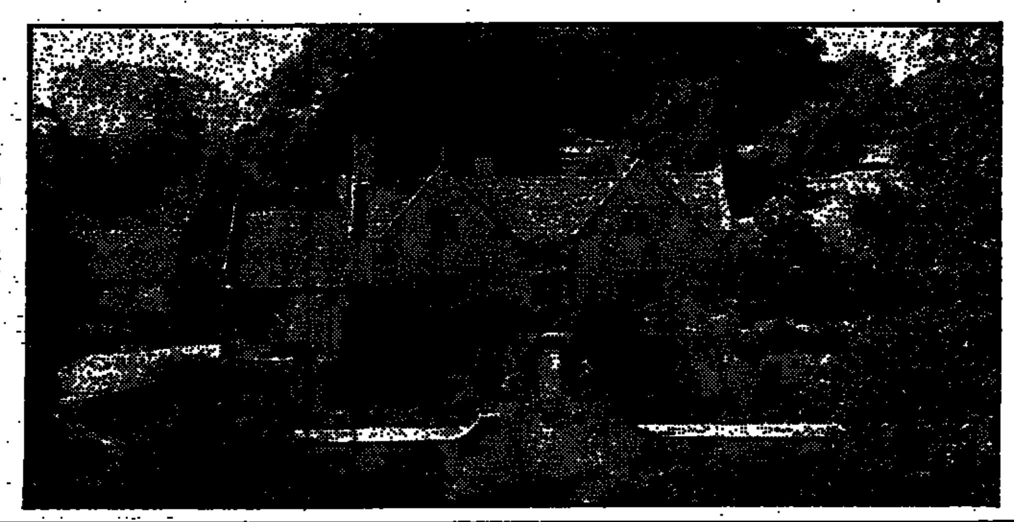
The 230 homes on 1,000 luxuriantly planted acres have the benefit of a marina, golf course, private beach and clubhouse. Two coral reefs just offshore provide some spectacular scuba diving.

"There are a few opportunities to purchase existing homes," says Fred Wanklyn, vice president of the Lyford Cay Company which runs the estate. "When re-sales do come up, they would be in the range $500,000 to $4m."

A final phase of house sites is now up for sale at The Summit of Lyford Cay, just above the marina. The 45 plots (38 remain) are between one and three acres and prices range from $175,000 to $375,000. Building costs are around $100 a square foot for a high-quality finish which conforms to the strict building standards in force. The estate also has some 20 condominium residences, and more are planned.

Anyone wanting to live in the Bahamas for more than eight months a year has to apply to the Director of Immigration in Nassau. But since property is not cheap, any prospective resident probably will have no trouble in satisfying the government's financial requirements, although there is no hard and fast rule on the minimum necessary.

There are no taxes on income or capital, and the buying procedure is similar to the UK, the Bahamas having been a British colony until 1973. Overseas buyers must, with some exceptions, make a formal application to the Foreign Investments Board in Nassau, under the Immovable Property Act 1981. This can take some months.



GENTRIFIERS in the 17th and 18th centuries made a good job of turning this old farmhouse at Painswick, Gloucestershire, into Tocknells Court, a seven-bedroom, Grade II-listed farmhouse in 92 acres of pasture and woodland. Stabling for four, garaging for five and a trout stream tributary of the River Frome add up to a particularly handsome property, on the books of Humberts (0666-52 284) for £575,000.

Overseas Property

Country Property

London Property

Rentals

• GARDENING •

Robin Lane Fox puts wildflower gardening in perspective

Wild promises broken

SEVEN or eight years ago, wildflower gardening first achieved a high profile. New gardeners wanted to try it; non-gardeners liked the sound of it; ecologists found some long words for it; conservationists rallied to the theme of "saving our wild heritage"; garden historians saw some new history in the making after 50 years in which English gardening had not changed its style.

The idea seemed delightfully simple: scatter seeds of English wildflowers into your long grass, orchard or former kitchen garden and wait for the cowslips and harebells to bloom. Butterflies would flock and flutter, farmers would blush at a sight they had destroyed. It was time to grow plants which wanted to grow and to limit mowing to three times a year.

New moods quickly attract zealots. You gardeners, the new seed-casters told me, are authoritarian and conventional. Lawns are a bourgeois invention, "flower beds" a formalist strategy. How can a gentian be "better" than a common cornflower? It is you who define the weeds, whereas we will show dandelions at Chelsea and put buttercups up for Awards of Merit.

The historians joined the chorus. It is a new episode, they announced, the latest act in the idylogue between gardens and the Beyond. Having shut out the meadow, gardeners nearly lost it to farmers and the EC. Now, they will recreate it: there is a lasting connection between art and nostalgia.

Well, they certainly thought they could recreate it. Lords and ladies scattered seed mixtures down their avenues; red poppies were to bloom down royal driveways; alternative town gardeners alarmed their neighbours by broadcasting Rose Bay Willow Herb and declaring the nettle an ecological plant.

Lawns were for drilling, not mowing, while poppies, cornflowers and ox-eye daisies fought a first-year battle with the new hayfields. For one summer, owners had a living glimpse of Impressionist art.

Seven years later, I feel I am witnessing the epitaph to the seed-casters' "new initiative" as I drive down recently-banked main roads. Here, too, the ox-eye daisies are looking handsome; so, too, is cow-parsley, when the councils have lacked the funds to cut the verges. Nobody has sown them, or publicised them, but the effect of a common old wayside is all that is left to most of the seed-cast gardens I know.

They were a story of failed promise. The cornflowers looked fine for one year, but they were annuals and could not re-seed themselves among the hay. The red poppies are also annuals, although their seeds sometimes linger for years in cornfields and appear when you think the strain has vanished. As for the ladies smock, ragged robin and the Virginia stocks, the meadow-grass smothered most of them and the white ox-eye daisies swamped the rest.

Back we have gone to the effect of white daisies, which could be enjoyed already beside any road. Historically and horticulturally, the seed-casting revolution was not based soundly. Even the enthusiasts now recommend a different method. Cowslips, harebells and the rest should first be sown in seed boxes and grown as individual plants. Then, they can be bedded into the lawn at intervals and left to see if they wish to spread.

Meanwhile, nobody now relies on the good manners of grass. Grass over the fence is not usually greener: it is coarser. To give your wildflowers a chance, you are now advised to clear the grass with concerted weed-killing and then re-seed the meadow from scratch. According to the experts: "A normal lawn mixture without ryegrass will provide an excellent basis for most situations . . ."

I only hope it germinates: you might as well be sowing a new lawn.

At this point, I ask what we are supposed to be doing. Of course a meadow can be charming, but why lay such value on a wild English meadow now that the ground has to be planted individually like a garden?

Personally, I have been practising wildflower gardening for years. However, I decided ages ago that most British wildflowers are rather dull and straggly, and so I grow foreign wildflowers instead. For their sake, I have flowerbeds, dry walls, and beds for rock plants.

"We are trying to get away from those awful rockeries," an early meadow enthusiast told me. But the rockery has always been a marvellous home for meadow plants even if they happen to be Swiss, Greek, Turkish or Chinese. Why do the wildflower enthusiasts ignore foreign immigrants?

I suggest we should all look in another direction. Agreed, the way to establish plants in grass is to begin with individual plants: why not begin with the loveliest plants — irises, wisteria, aquilegias and garden peonies?

A hundred years ago, there were wild gardens in Britain where these "border" plants flourished in unmown meadows. The classic account of them is still William Robinson's Wild Garden, which was published in 1870. It is doubly interesting, partly because he writes so vigorously but also because he mentions and illustrates so many successful wild plantings of border plants which were thriving in forgotten gardens.

His examples are one more reason why the garden historians were wrong. Wildflower gardening has been with us for centuries and has been practised consciously by many of our greatest gardeners since the Edwardian age. Fashion makes interesting copy, but in English garden history there is nothing new as yet beneath the 20th century sun.

Ancestral norms survive

Arthur Hellyer enjoys columbine, honesty and other self-sown varieties

COLUMBINES are germinating by the thousand, a reminder that there are many obliging plants that will virtually grow themselves, as long as you are not too fussy about the quality of the end product.

The weakness of all self-sown seedlings is that over the generations they tend to slip back towards the ancestral norm. If they started in the garden as highly-bred selections, they are unlikely to retain these special qualities for long, unless grown in complete isolation from others of their kind. Without that precaution the normal genes will resume control, because they are the ones that give the plant the greatest chance of survival.

This reversion to type might not matter and occasionally does not even happen. I grow a lovely all-blue columbine which I acquired as a garden variety and which never seems to vary at all. I cannot recollect the name it bore when it arrived a good many years ago but it is now growing in a lovely aquilegia trial in the Royal Horticultural Society's garden at Wisley as *Aquilegia alpina*, which all the experts emphatically say it is not. "Much too tall," they say, and "too big a flower."

They know what it is not, but are unable to say what it is. My guess is that it is the original form of that fine group of hybrids collectively known by the charming name Hensol Harebell. This was the result of a cross between *Aquilegia alpina* and our native columbine *A. vulgaris*.

I believe the original plants grew two to three feet high and had all-blue flowers just like mine. Variations crept in, some shorter and some with blue and white flowers, and these became known as the Bulkely Mill strain of Hensol Harebell and more or less usurped that name. But Chiltern Seeds of Bortree Stile, Ulverston, Cumbria, offer seed of what sounds very like the original plant and call it Hensol Harebell.

It is not too late to sow seed of this and other beautiful columbines, including the elegant long spurred hybrids of American extraction. Sown now, all will flower next year and then go on multiplying and flowering for generations.

Honesty is another old-fashioned flower that needs no renewal once it has been admitted to the garden. It seeds itself around just as abundantly as the columbines and is even more urgently in need of being thinned, since its leaves are large and much more likely to smother less vigorous plants.

The plants are immensely decorative both in flower and seed. The flowers are either a share of magenta or pure white, and they come in great sprays from mid-April until early June. The seeds tht follow are carried in flat parchment-like containers like miniatures tambourines and they need no extra drying to make them last as winter decorations.

Though botanists call honesty *Lunaria annua*, implying that it is an annual, gardeners have always known it as *L. biennis*, for it is a true biennial, germinating one year, flowering and seeding the next and then dying.

There is also an honesty with cream variegated leaves which comes true from seed and appears to go on doing so even when grown with green-leaved plants.

Two old-fashioned plant families that I like very much are the Masterworts, or astrantias, and the Jacob's Ladders, or polemoniums. I am astonished at the scarcity of astrantias in gardens for they are very easy to grow in any soil that does not dry out badly and they do not mind some shade. Their deeply-fingered leaves are attractive from spring until autumn; there is one variety with excellent cream variegation and flowers as unusual and pretty as you could wish. They are minute and slender stemmed, packed like fragile pins on a pincushion into little domes surrounded by a wide ruff of petal-like bracts in matching shades.

The colouring is always subtle: white tinged with green, lilac and magnolia purples shot with green, and just occasionally rich ruby reds. People stop and stare and ask what they are, yet they have been grown in English gardens for close on four centuries, and the commonest kind, *Astrantia major* has long been naturalised in some meadows. Few seedsmen offer astrantias, but Chiltern Seeds do.

Plants are fairly easy to find at almost any of the specialist herbaceous plant nurseries; if you want the variegated kind you will have to get plants, because it does not come true from seed.

Jacob's Ladder got its name from the ferny leaves in which the small leaflets are arranged all up the central rib like the rungs in a ladder. In a Cumbrian garden recently I saw a form with extra leaflets giving the whole leaf a ruffled appearance. The flowers, blue or white according to variety, are carried in little sprays held close to a central stem up to 24 inches high.

The common kind, *Polemonium coeruleaum*, is a genuine native plant, though not a common one. It spreads across the European-Asiatic land mass as far as Siberia and is completely hardy. The only criticisms I have ever heard are that it is too common and spreads too freely from seed. For this reason some gardeners prefer *P. foliosissimum* which comes from North America and seldom produces any self-sown seedlings. It is just as attractive as the common kind — but I am glad to have seedlings for free.

BRIDGE

SOMETIMES one hand can make up for a session of poor cards. When I was playing with Derek Rimington two weeks ago, this occurred:

N
♠ K Q 10 9 8
♡ K 8
◇ K 9 2
♣ J 7 3

W	E
♠ A 2	♠ 6 5 4 3
♡ A Q 7 6 5 4 2	♡ 9
◇ A J	◇ 8 7 6 4
♣ K 8	♣ 9 6 4 2

S
♠ J 7
♡ J 10 3
◇ Q 10 5 3
♣ A Q 10 5

With both sides vulnerable (we had managed to make a game) and North-South 20 below, North dealt and bid one spade. South replied with one no trump, and I doubled. This was followed by three passes —the double of one no trump is primarily for penalties.

I led the ace of hearts, happy to find my partner following suit, and continued with the two to dummy's king. East dropping the six of spades. Shocked by this, South asked to see the trick, reaching over to my partner. "That's not the last trick," said Derek. So South looked at the trick in front of her, and appeared to fall into a trance for a full two minutes. "In the interval," I said, "perhaps I might see the last trick." Derek thought this was funny, and laughed.

After two minutes had been spent in vain, South returned dummy's knave of clubs, finessing to my king. I proceeded to run my hearts, on which East threw three spades and two clubs. The declarer, completely demoralised, discarded four of dummy's spades and both the spades in her own hand. Christmas was here. I cashed ace and two of spades and my ace of diamonds, and conceded the last two tricks. We chalked up 1,100 points. I cannot remember ever taking 10 tricks in defence on my own.

Had South played sensibly by attacking spades at trick two, she would have got out for 500 —but then there would have been no story.

Four days later, playing with Elizabeth Hallifax, I played this hand:

N
♠ Q 5 2
♡ A 10 8
◇ 8 7 5 3
♣ 10 8 7

W	E
♠ K 8 7 6 4	♠ J 9 3
♡ K 6 2	♡ 5 3
◇ A 9	◇ Q 10 2
♣ J 6 2	♣ A K 5 4 3

S
♠ A 10
♡ Q J 9 7 4
◇ K J 6 4
♣ Q 9

East-West were game, but we had scraped up a part score of 40. I dealt in the South seat, and bid one heart.

West overcalled with one spade, North raised to two hearts, East raised spades, and my bid of three hearts concluded the auction.

West led the eight of spades, the queen won, and I returned dummy's seven of clubs. East won with the king and led a spade to my ace. I played my queen of clubs. East won, and forced me with another spade. I led my seven of hearts, successfully finessed the eight, switched to a diamond, and finessed my knave. West won with the ace and played the knave of clubs, which I ruffed. I now ran the queen of hearts, cashed my king of diamonds, and threw East in with another diamond.

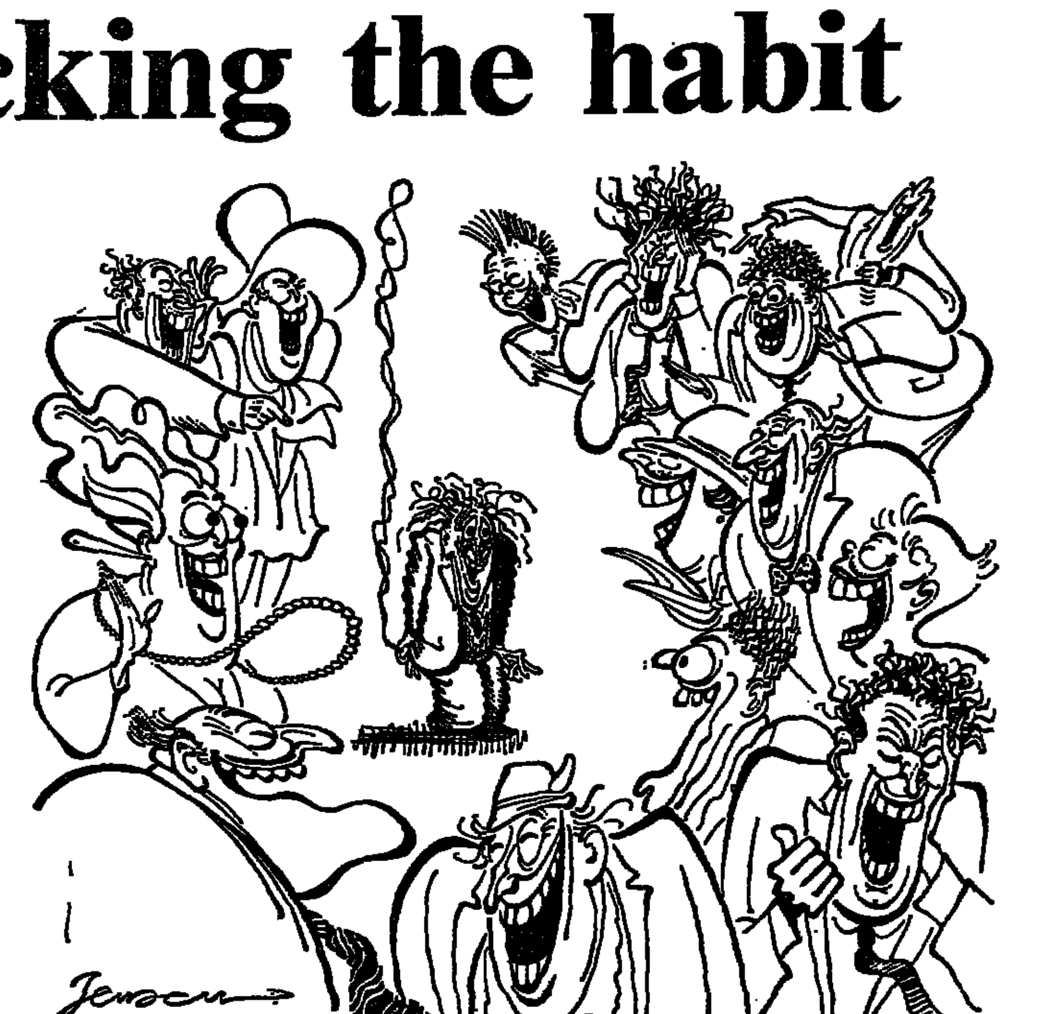
In the two-card ending I held knave of hearts and a diamond. West held king of spades and king of hearts, while dummy held ace of hearts and a diamond. On East's forced club lead I played my knave of hearts, and West was trapped. If he discards, I throw dummy's diamond; if he ruffs, I over-ruff and discard the diamond. It is not exactly a Smother—that rarest of plays —but it is certainly a blood relation.

After a hand like that, who minds about losing?

E. P. C. Cotter

Kicking the habit

IN MARCH, we printed six accounts by FT journalists of the agonies and ecstasies of giving up cigarettes. These confessions from a smoke-filled room ranged from the mildly smug to a pain-filled moment-by-moment description of the effort involved. The fact remained that out of six guinea-pigs challenged to give up the weed a final time, all but one seemed to have succeeded. It all sounded a little too good to be true. Could it last? Were they forever free of the noxious habit? We promised you a progress report and here it is .



Ian Davidson

FIRST, THE good news. The weeks continue to pass and I can still claim that I have not smoked a cigarette since just before lunch on Tuesday September 9 1986. I dare not yet boast that I have in any permanent or irrevocable sense given up smoking, but eight months is quite a respectable start.

Undoubtedly, the price of smokelessness is eternal vigilance. From time to time a little yearning flips into my head, and I think how agreeable it would be to have a cigarette. But when I examine this yearning very closely, I notice that it is in reality almost microscopically small; and as the weeks pass, even this microscopic yearning appears less often. This is just as well, because I suspect that even one cigarette would launch me instantly back on to 40 a day.

One agreeable side-effect is the cash I have saved—by now it must be about £675. When I say cash, I literally mean notes and coins, my conversion having brought it home to me that, in the modern world of season tickets and plastic cards, non-smokers need almost no cash apart from the few coins needed for the canteen or coffee machine.

The second great benefit of not smoking is that my wife and children are now nice to me almost all the time, and at social occasions I am no longer torn between an urgent desire for a cigarette and trepidation as to whether the act of lighting it might provoke harrassment from a sanctimonious ex-smoker.

By contrast, I have (so far) made it a rule not to go in for any of that sanctimonious harrassment myself, and I keep ashtrays available for visitors to the house. This is not a question of Franciscan charity: I simply do not mind the smell of other people's cigarettes, nor am I tempted by them. Or rather, that *was* the position: I find I am starting to be less neutral to cigarette smoke than I was.

Now for the not-so-good news. I seem to be getting fat. For 30 years, without the least effort on my part, my weight stayed absolutely stable at 70 kilos. In the past eight months, however, it has gone up by 2-3 kilos. My trousers are too tight, I am uncomfortable, and I am not in the least consoled by friends who tell me I needed to put on weight in the first place.

Finally, my new-found condition of smokelessness is obviously very fragile because I have become inordinately dependent on fruit gums and peppermints. Perhaps it could be worse. My wife (also an ex-smoker) seems to be damaging her teeth irreparably by frantic chewing on pencils. But it would be a rare case of poetic injustice if my epitaph were to read: He Gave Up Cigarettes But Died Of Peppermint Poisoning.

Barbara Dalzell

THE SHAME of it all. I was so confident I could stop smoking and here I am, puffing away and hating every minute of it.

I stopped for several weeks. I lost my cough, my lungs felt better than they had for years, my skin felt smoother, and my flat lost the smell of stale smoke.

The only problem was that my willpower deserted me. Before I stopped smoking I always enjoyed cigarettes. As a lapsed ex-smoker, I do not enjoy them at all. I do not like the taste, I do not like the smell, and I do not like feeling unhealthy and anti-social.

There is only one solution: I must go back to Full Stop and try again. Next time, with any luck, I shall succeed.

Barbara Gunnell

I AM still not smoking. Nor can I remember when I last did, although I'm told it was five months. This time is quite different from other "givings up," though; on those occasions I counted the weeks and each new whole month was a triumphant landmark. And I have not put on weight, although I do still often wonder what to put in my mouth when others are smoking.

My chosen method of giving up was hypnotherapy. The woman I chose tried to get me to relive my first "smoking experience." I found this difficult and a bit silly and gave up—visiting the hypnotherapist, that is. Soon after, I also gave up cigarettes.

However, what I wrote then —that I wasn't sure whether the hypnotherapist had been a major factor in my stopping—now looks a triffle curmudgeonly. So, credit where it's due.

There must be some explanation for why I have stopped, and with less pain than other times, and I am prepared to accept that the something might be hypnotherapy. For anyone who has failed at other methods, it could be worth a try.

Michael Thompson-Noel

I DO not propose to grovel, but my attempt to quit smoking ended in a cloud of pearly blue smoke following a splendid dinner at Taunton's Castle Hotel.

I arrived in Taunton on the 14th day after starting to stop. I had ceased quivering by then and was getting on well. I had smoked nothing for two weeks. I was enjoying lungfuls of clean air. My breathlessness was going. I was adding years to my life.

Then, I enjoyed this excellent dinner, at the end of which my neighbour at the table fourished a silver cigarette case and offered me one. Fool that I am, I took it.

That was 12 weeks ago. I have smoked ever since, although I learnt three important lessons.

The most important is that the first three days are crucial. You will feel absolutely rotten, but you must not give in.

Lesson No. 2 is that it helps greatly if friends and close colleagues are supportive, for their attitude means everything. If they help—and I was greatly helped—you will eventually kick the habit.

The third main lesson is not to feel depressed or guilty if at first you don't succeed.

Tim Gopsill

HAVE YOU ever found yourself in a faraway land that has no diplomatic relations with Britain, utterly broke and with £500 worth of hotel and car hire bills to pay?

Imagine the scene. You are booked to fly out the next day. You have ordered the money from your British bank and have only just discovered that the reason you haven't got it is that they sent it to the wrong country?

If you can envisage the scene, you might understand how it was last month that I found myself in a bar in the West African city of Ouagadougou lighting up a Spring, a disgusting but cheap cigarette made by the French for export only.

It was my first for exactly three months — since Friday February 13, to be exact. I had stopped smoking after reading Allen Carr's paperback, *The Easy Way to Stop Smoking*.

I was not that I desperately needed a cigarette—but I had a damn good alibi for one. This is the real danger for those who give up.

Luckily, after smoking for about a week I was able to stop again. Since then I seem to have survived other, lesser crises without a twinge.

Made for each other

Nicholas Faith salutes FT columnist Edmund Penning-Rowsell, who retires soon after 23 years as chairman of the Wine Society

OVER THE past 23 years Edmund Penning-Rowsell has been chairman of the Wine Society—officially the International Exhibition Co-operative Wine Society. It is typical of Eddie's ferocious integrity that he has never once mentioned the society's existence in 500 or more articles contributed to the *Financial Times* over the same period.

The self-imposed embargo can be lifted now that Eddie is retiring from the Wine Society in August, an event preceded by what promises to be an emotional tribute to his work at a dinner next Wednesday. Eddie, now well into his 70s, will then "merely" contribute regularly to the *FT*, *Country Life, Wine & Spirit*, and a host of other publications.

Eddie and the Wine Society were made for each other. His work as chairman has enabled him to combine his love of wine, radical politics, and the business abilities he had displayed in his earlier career as a publisher.

Eddie became a member in the apparently inauspicious month of July 1940. In fact his timing was impeccable since the society then refused to admit new members for some years in order to conserve its precious stocks—even King Haakon of Norway was refused admission. At the time the society had been going, more or less strong, for 66 years.

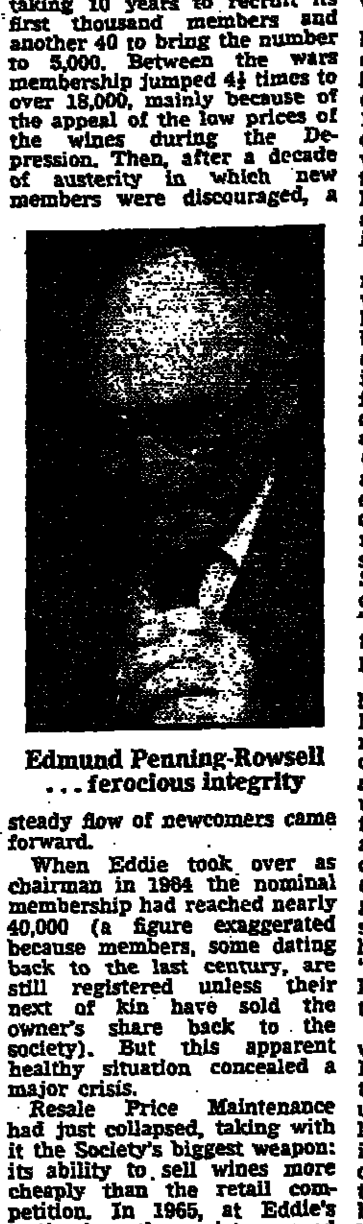
The Wine Society was founded in 1874 at the instigation of Major-General Henry Scott, a splendid Victorian worthy, Royal Engineers, by career Secretary of the Commissioners who disposed of the legacy of the Great Exhibition of 1851, and, almost by chance, architect of the Royal Albert Hall.

Eddie's history of the society reveals that its cooperative status "owed something to a fellow-feeling against adulteration and falsification that was one of the tenets of the founders of the first cooperative shop in Toad Lane, Rochdale."

Each member was permitted to own only one share—then a mere £1, now a more realistic £20, and the shares were transferable only to widows and next-of-kin. The society was designed, not just to provide members with cheap wines, but also to buy them "direct from the growers, in a pure unadulterated condition and, as far as possible, free from added spirit."

The society also hoped to introduce "foreign wines hitherto unknown or but little known in this country." Within 10 years of its foundation it was offering a Zinfandel from California while Chianti first appeared on the list in 1898.

The society was founded in an auspicious year, able to buy the 1874 Brut Champagnes, according to the Committee's minutes "not surpassed by any champagne known to fame"—a judgment endorsed by history. Yet initially the society was not a great success, taking 10 years to recruit its first thousand members and another 40 to bring the number to 5,000. Between the wars membership jumped 4½ times to over 18,000, mainly because of the appeal of the low prices of the wines during the Depression. Then, after a decade of austerity in which new members were discouraged, a steady flow of newcomers came forward.



Edmund Penning-Rowsell ... ferocious integrity

When Eddie took over as chairman in 1964 the nominal membership had reached nearly 40,000 (a figure exaggerated because members, some dating back to the last century, are still registered unless their next of kin have sold the owner's share back to the society). But this apparent healthy situation concealed a major crisis.

Resale Price Maintenance had just collapsed, taking with it the Society's biggest weapon: its ability to sell wines more cheaply than the retail competition. In 1965, at Eddie's instigation, the society moved to a spacious warehouse at Stevenage from its cramped and inconvenient cellars under the London Palladium (which had been built on top of its premises).

Unfortunately, half the staff (including most of the more experienced cellarmen) did not move with the stock, and for a year there was chaos. Eddie hired a controller, Desmond Moseley, tough Yorkshire-born accountant. Moseley — also due to retire this year — soon sorted out the problems and went on to become general manager and Eddie's partner. The triumvorate was completed 10 years later with the arrival of a young wine-buyer, Sebastian Payne, who Eddie had known for some years.

Together they have seen the society grow into a substantial force with more than 117,000 members — 44,000 of them active, buying nearly £14m worth of wine last year, and making the society far and away the biggest mail-order wine business in the country.

Not surprisingly, the society's biggest impact has been in offering claret *en primeur*, a habit it started with the splendid, and initially under-priced, 1975 vintage. In 1986 it sold over 20,000 dozen of the 1985 vintage — "more, we can confidently affirm," wrote Eddie in his 1986 annual report, "than any other retail wine merchant in Britain."

Because of his knowledge, not to mention his stature within the world of wine, he has had to perform a delicate balancing act in not trying to over-influence the society's buying decisions. He does not form part of the wine-buying committee, but, characteristically, is ready with his opinions ("you always know where you are with him," says Payne). He expects other members of the committee to be equally forthright. But there is another side to Eddie, as seen from Stevenage. "*He is a sensitive* chap is Eddie," says Mosely. "He is very nervous — shyer than you think—he does *not* push himself forward."

His influence on the society has been all-pervasive. During his chairmanship *he* has signed more than 80,000 letters welcoming new shareholders. At another level the type-faces used in the society's publications echo those he employed as a publisher. And it is partly due to his inextinguishable eagerness to look at new wine-growing regions that the society continues to perform its historic role of introducing "foreign wines hitherto unknown or but little known in this country."

There are now 30 society wines, including a number from lesser French regions. The trade has in some ways caught up and the society can no longer sell on price alone. But it can provide a unique degree of reassurance. Buyers know that every wine, if not chosen by Eddie, has at least passed his notoriously discriminating palate.

Despite the growth of the past few years, and thanks to that same old ferocious integrity, the spirit of 1874 has been fully maintained. New members still have to be proposed and seconded — by no means a formality since members of the wine trade, in particular, are suspect since they might resell the wines.

But one of Eddie's dreams is unlikely to be fulfilled: "You know," says Sebastian Payne, "Eddie would love everybody to have a bottle of Lafite."

Legal Notices

No. 003133 of 1987

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

IN THE MATTER OF

BIOMECHANICS INTERNATIONAL PUBLIC LIMITED COMPANY

AND IN THE MATTER OF

THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 17th June 1987 presented to Her Majesty's High Court of Justice for (1) the confirmation of the reduction of the share capital of the Company from £1,250,000 to £832,499 and (2) the reduction of the Share Premium Account of the Company by £885,472.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Harman at the Royal Courts of Justice, Strand, London, WC2A 2LL, on Monday the 13th day of July 1987.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the reduction of the capital and the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 2nd day of July 1987.

CLIFFORD CHANCE,
Blackfriars House,
19 New Bridge Street,
London EC4V 6BY
Tel: 01-353-0211
Ref: RWC

Saleroom

Bull market for bears

BLAME, or praise, *Brideshead Revisited*. The performance in the popular television adaption of Evelyn Waugh's most soul-searching novel by Delicatessen, the Teddy Bear who portrayed Aloysius, object of Sebastian Flyte's love, apparently had an awesome impact.

Until 1980 an old Teddy might fetch £100 or so, perhaps a little more in the US, and the idea that these Edwardian relics could become a big collecting market, attracting serious money, was laughable. But thanks to *Brideshead* Teddy mania broke out in the US and reached the UK in 1983, when Bunny Campione of Sotheby's, was persuaded to include a group of Teddies in one of her toy sales. A bear sold for £360 and triggered off a boom.

Last month at Sotheby's a new auction record was established three times in one sale, culminating in the £8,800 paid by the American dealer Richard Wright for a white plush muzzled Teddy made by the German firm of Steiff around 1913. Wright is the major buying force in the business. He collects as well as trades and basically supplies the avid American collectors with their Teddies, working on a narrow profit margin. If he cools down the market could well moult.

A record price for Teddies was set at Sotheby's by these Steiff bears. The one on the right fetched £8,800

In four years guidelines to Teddy collecting have been established, thanks to the definitive book on the subject by another keen buyer, Linda Mullins. Only the Teddy Bears made by Steiff command the high prices.

Apart from their character and quality, the company can claim to have invented the Teddy. Its first, rather rudimentary, bear, with a jutting nose, appeared in 1903, but it was only when an imaginative American buyer shipped a few thousand to the US a year later that the cult began. They became inexorably linked to that great game hunter President Teddy Roosevelt who was supposed to have lowered his rifle on a sitting bear because of the pitious look on the face of her cub.

By 1907 Teddy Bears had become the first toy produced for the mass market, with around a million passing through the stitching hands of 400 factory workers and 1,800 home workers in and around the small German town of Giengen. Most of the output went to the US, but with the home market and the UK keen buyers. In 1908 the recession brought the boom to an end.

To make things easier for bear hunters the Steiff model has a button behind its left ear. Don't bother sewing one on to your battered old Teddy; the experts at Sotheby's, Christie's South Kensington and Phillips can now tell an original Steiff at 10 yards. Most are valued in the hundreds; to fetch a really high price Teddy should have good fur, extant ears (eyes and pads are less important) and date before 1914. White and silver coloured bears are most popular; black the least. The bigger the better: Sotheby's is offering a four foot monster in its September auction and expects £6,000 for it.

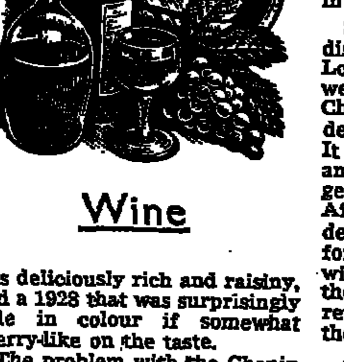
This is a most febrile market. Prices have risen steadily for four years, thanks to bear fanatics like the Californian Bill Volpp who now shares his home with over 3,000 Teddies. But only a handful of collectors can afford the top prices and if one or two go off the boil the game could be quickly over.

At the moment there are no signs of a re-think. There are even signs of public affection moving over to other brands. A Merrythought Teddy, made in the UK in the 1930s, sold for £420 last month, and, according to Bunny Campione, anyone coming across a Farnell bear made in Acton around 1925 and still with its original label is staring at £400.

There is also collecting interest in the Steiff bears of around 1950, as well as other lines from the factory, such as its dolls. To many this ursophilia may seem childish absurd, or even psychologically worrying, but to enough people silent, cuddly, distinctive Teddies take a lot of beating. The day of the £10,000 Teddy draws remorselessly closer.

Antony Thorncroft

Anjou's appeal



Wine

THE LOIRE is one of France's three wine rivers: the others being the Rhône and the Gironde (a blend of Dordogne and Garonne). For the most part, the wines of the highly agreeable Loire Valley are popular rather than prestigious —Muscadet, Rosès de Touraine and Anjou and Sancerre—but they *do* include several of not-fully-recognised distinction, and three of them, all white, are in Anjou: Bonnezeaux, Quarts de Chaumes and Savennières. All three are produced in very small quantities, averaging in total about 10,000 hl a year (62,500 dozen bottles).

For Anjou's reputation depends on its inexpensive, widely planted, easy-to-drink whites and reds. Each year about 150,000 hl of dry Anjou Blanc and Saumur Blanc are exported, but these are outdistanced in quantity by the widely known and sold Rosé d'Anjou and the rather sweeter Cabernet d'Anjou Rosé, which between them account for about 400,000 hl a year and 40 per cent of Anjou's *appellation contrôlée* wine sales. Although these are far and away France's most exported rosés, demand has been falling, to the benefit not only of the whites, but also of the Angevin reds: Anjou Rouge, Saumur Rouge and Saumur-Champigny, which together now produce more than 200,000 hl a year. Then, to add to all these still wines there is Sparkling Saumur and its associated Crémant de Loire, of which about 70,000 hl are made annually, and 15m bottles sold (compared with Champagne's 200m).

Although the success of Anjou's generic wines is undeniable and indeed welcome (more of its rosé is produced in an average year than claret in the whole of the Médoc), one cannot pretend that they are very exciting wines.

The rosés are well-made, summer-picnic wines, the prelude, one hopes, to more memorable bottles. The reds have more character, and in a good year like 1985 they deserve the year or so in bottle that they seldom receive. In recent years Saumur-Champigny has become fashionable in Paris, which indulges in fashions for inexpensive quaffing wines.

The basic grape of the Loire is the local Chenin Blanc, also known as the Pineau de la Loire. It claims to be able to produce the longest-lived white wines in France, but it has little opportunity to demonstrate this, though on my last visit to the area I did drink a 1945 Coteaux de Layon, that was deliciously rich and raisiny, and a 1928 that was surprisingly pale in colour if somewhat sherry-like on the taste.

The problem with the Chenin is that it buds early, and so is subject to spring frosts, and later in the year liable to rot. It is the grape of Savennières, Bonnezeaux and Quarts de Chaumes, and their vintaging is one of the latest in France, not usually starting until October 15.

Bonnezeaux, 20 km south of Angers, and the neighbouring Quarts de Chaume produce the cream of the sweet wines of the Coteaux du Layon, which straggle along the 70 km-long Layon, finally to emerge into the Loire almost on the Muscadet border. The 25 communes which make a total of 60,000 hl a year include seven entitled to the *"Villages"* appellation on the label, and they produce the best of this titillating, medium sweet wine that is relatively inexpensive (£4-£5 a bottle), but poorly represented on wine lists here.

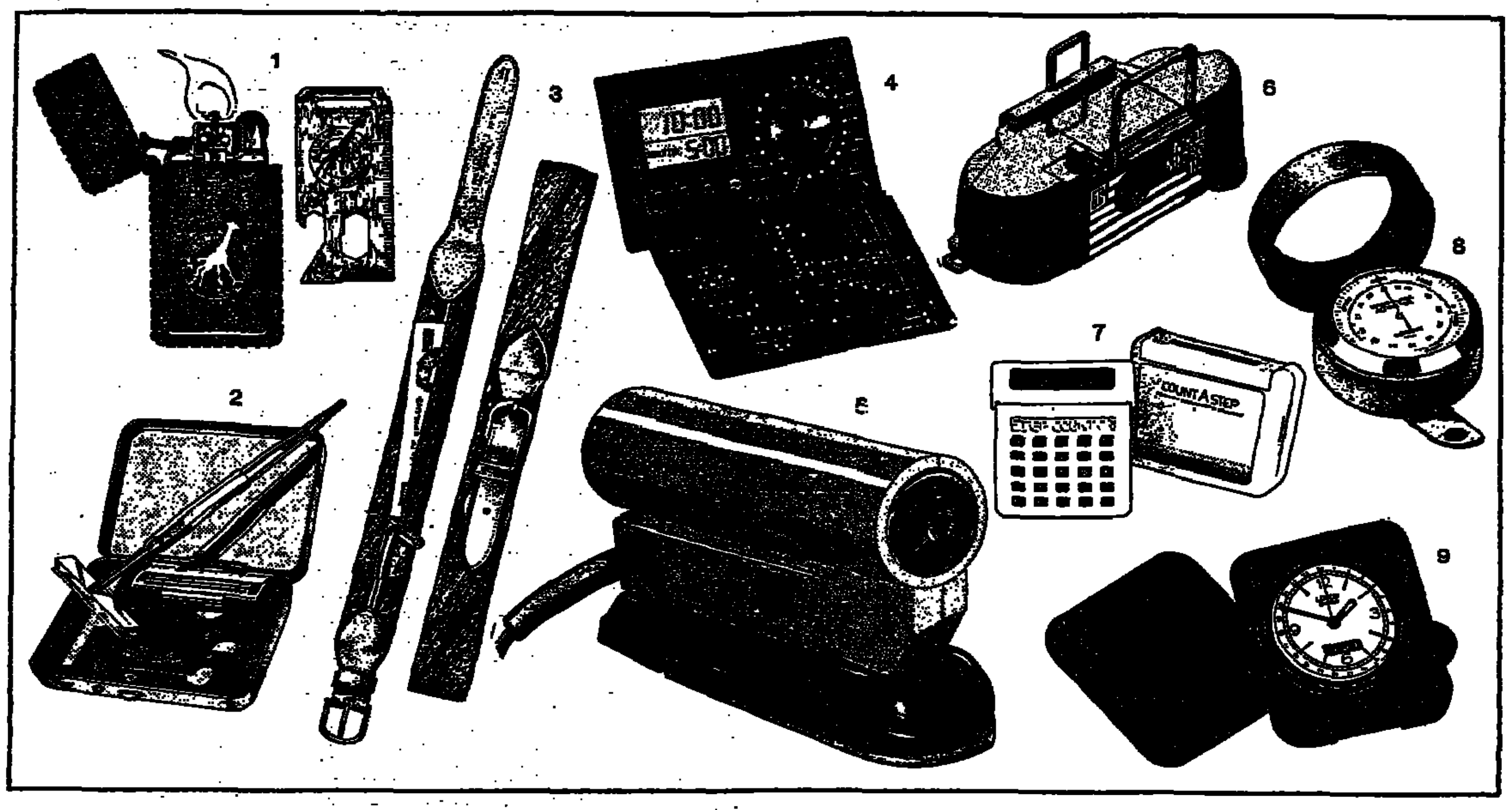
A real virtue of Quarts de Chaume and Bonnezeaux is that they have good acidity, which Sauternes often lack, and so are not so "sticky." There is very little of them. Although the delimited area of Bonnezeaux runs to 125 ha, only a proportion is planted, with a total average output of only 1,000 ha, and a yield of only 15-20 hl per ha, though the permitted limit is 25 hl compared with 30 for Coteaux du Layon. There are fewer than 30 producers, making from 10 to 200 hl apiece. Quarts de Chaume is even smaller, with only nine growers working 39 ha, and producing an average of 22 hl per ha; and 850 hl in all. The quality of the wines depends very largely on whether they incur the "noble rot" that affects fine Sauternes and the luscious German wines. These two wines in particular should not be drunk young, as they improve greatly with age. Surprisingly, few of our most distinguished wine merchants here list them, though they only cost about £6 a bottle. They are, obviously, dessert wines, but they can be enjoyed elsewhere in a meal.

Savennières, is the only AC district to the north of the Loire, and a few miles to the west of Angers. Made from the Chenin grape, the wine is truly demi-sec and not demi-doux. It has an aromatic bouquet, an ample, moderately sweet, generous flavour, but ends *dry*. After the First World War demand dropped dramatically for these *moelleux* ("mellow") wines and only at the end of the Sixties did prospects revive for a distinguished wine then almost unknown.

Even today, only 60 ha out of an authorised 360 ha are planted. There are only seven growers, the most important being the Soulez family, owners of the 24-ha Ch. de Chamboureau which includes holdings in the Clos du Papillon and Roche aux Moines. These two vineyards, sloping down towards the Loire, are also allowed their names on the labels. An average of only 1,000 hl is made in the whole district. The wine costs about £5.50 a bottle on the few lists that include them.

But one Savennières property has always maintained its special reputation — La Coulée de Serrant, whose exceptionally steep 7 ha vineyard looks down on the river. Owned by Mme A. Joly, widow of an Anjou surgeon, it is now run by her son, who from the 1985 vintage (an excellent one in Savennières) has foresworn chemical manures and sprays, as well as ploughing. He aims to produce only organic wines, with a 25-30 hl output that yields only about 2,000 cases a year. It is a rounder, fuller bodied wine than the others has a special style and is claimed to reach its peak after 10 to 20 years. Their agents in Britain are Hawkins and Neurick, London, SW6, and these rather special wines are unlikely to cost less than £10-£12 a bottle. Well worth looking out for.

Edmund Penning-Rowsell



1—Matt black lighter, just 7 cm by 3.5 cm, with survival tool (which opens cans and bottles and is a screwdriver, spanner, knife and measure as well) tucked down the side. £24.50 from Fast Forward.

2—Miniscule portable razor set from Fast Forward. The whole box measures just 5 cm by 7 cm. In bronze, chrome or matt black. £27.90.

3—Slimline canvas and leather money belt, £10.39 in khaki, £11.95 in navy. In waist measurements from 30 in to 40 in. From Survival Aids.

4—Round the world travel clock — gives you local time plus time in capital cities of the world. Matt black, measures 9 cm by 6.5 cm. £27.90 from Fast Forward.

5—A hair-dryer and iron in one compact little unit. Dual voltage, very neat, measures 15.5 cm long by 10 cm high. £19.95. From Fast Forward.

6—Key ring camera, very light, 8 cm by 2.5 cms. £4.99 from Next Essentials.

7—Fun for ordinary walkers but essential for serious ones—the pedometer. Weighs just 1.75 oz. £13 from Survival Aids.

8—For mountaineers and trekkers—the altimeter. Precision-made with imperial or metric scales in its own fine leather case with a loop which can be used to attach it to a belt. £59.95 from Survival Aids.

9—Military-style green travel alarm clock with luminous hour-markers. Will run for a year on the battery provided. £16.95 from Survival Aids.

Drawings by James Ferguson

The light way to travel

Lucia van der Post

HOW TO SPEND IT

IN MY time, I have come across a few fashion editors who took all their own chirpy advice on the subject of travelling. The List was clearly the backbone of it all. "Never pack anything you are not sure you will use and never leave out anything you really need" is engraved somewhere on their hearts.

Colour co-ordination and a travelling iron are the bedrock of their faith and the reward is there for all to see—wherever they go they look cool and suitably attired for anything, from a surprise summit meeting on East-West relations to a beach barbecue. *And* they do it all out of one little holdall.

By and large, though, fashion editors mostly look like the rest of us—hot, crumpled, surrounded by inadequate luggage and too many things. In theory, in these days of air-conditioning, same-day laundries, creaseproof clothing and multi-gadgeted hotel rooms, one small holdall should be quite enough. In practice, you can be sure that whatever it is you did not bring will be the one thing you really wish you had.

The good news, though, is that gadgets these days come smaller and smaller. Not so long ago, if your daily comfort depended upon radios and clocks, hair-dryers, irons and other beguiling gizmos, you would have needed your very own Sherpa to carry them all. Today, you could fit some 50 or more essential gadgets and accessories into no more than one small holdall.

If you are less a serious traveller into uncharted lands than an overnighter in smart business-like hotels, then I would direct your attention to the new range of Essential Next items (to be found, of course, in Next accessory shops). They must have been designed with the jet-setting businessman in mind — all cool matt black chic, minimalist and streamlined.

From the hand-held photocopier at £199.99 (ideal for copying essential notes from newspapers or reports while on trains or planes) to the self-filling toothbrush at £1.99, they all look one of a piece. Impeccably crafted, they fit beautifully into Next's own light, streamlined, black luggage. I particularly like the "carry on" overnight bag with its outside pocket designed to take the briefcase.

To cut down poundage and save space, Next has come up with miniaturised versions of the travelling man's essentials including a tiny razor measuring just 4.5 cm x 6 cm (£29.99) and a 15.5 cm-high shoe cleaning kit (£14.99) which holds black shoe polish, duster and brush.

Next also sells what must be the smallest camera on record —7.5 cm by 2.5 cm and light enough to hang from a key-ring. At £4.99 you won't take anything to rival Karsh of Ottawa, but you will get a reasonable record for the *memory book*.

Other useful aids for the traveller are a miniature TV set (13.5 cm by 7.5 cm, £99.99) and the Troubleshooter, a slim, credit card-sized gadget that among other things opens cans and bottles, can be used as a knife and has a measure on it (£24.99).

More clever gadgets for the travel-minded can be found at Fast Forward, 14a Newburgh Street, London W1 (and it will mail any of them for an extra £1 to cover postage and packing).

Here, our hard-pressed traveller will find more sleek high-tech gadgets, all light and eminently portable and packing a lot of punch for their size. From a flat foldaway round-the-world clock (you need never again miss the markets close in Tokyo or your son's birthday back home in Weybridge) to a clever little matt black lighter with a credit-card sized survival tool tucked down the side, the shop is a gadget-freak's Aladdin's cave.

If creases are your main problem when travelling (and now that the fad for crushed linen is past its peak, we can no longer get away with pretending all our creases are meant) then what you need is a travelling iron. There are several around but the one by which the most chic traveller I know swears is Rowenta's Steam Brush.

No more worrying about flat surfaces or messing about with damp cloths: the Steam brush acts on the steam principle and fans say it has revolutionised travelling. Most good electrical departments sell it. £19.99.

For serious travellers—that is, those of you who are venturing into parts that smart hotel chains don't reach—there are two companies specially designed to kit you out. Survival Aids of Morland, Penrith, Cumbria, not only operates a first-class mail operation but has recently opened The Survival Shop on the West Colonnade at London's Euston Station.

Go there for authentic safari clothing (pure cotton, lightweight khaki shorts, shirts, trousers and jackets) and for lots of serious gadgets—compasses, torches, water-purifying tablets, first aid kits and the like. Of all the money belts I have seen, Survival Aids seems to me to sell the best—a slim, narrow, canvas and leather belt almost identical to an ordinary belt, with a sleek compartment to hold the folding stuff (£10.39)

Survival Aids has also introduced a range of its own excellent tough *cotton* and leather luggage—all in a good khaki with tan leather trim. They are some of the most useful and attractive bags I have seen. In particular, the Colonial bag, which has lots of pockets and compartments, is ideal for storing precious things like cameras, passports and books during perilous journeys (£79).

Travelling Light is a small mail order brochure aimed at the travelling public. It has some especially useful small plastic bottles of liquid soaps and shampoos at just 99p for 75 ml (enough for a week's supply of either). Then, there is a travel multi-plug (£4.95) which takes three-pin (13 amp) and two-pin (shaver) plugs and adapts them to fit the main electrical sockets round the world.

It also sells what it claims to be the most "effective proven substance which will repel insects." A small bottle of 31 ml costs just £2.50 and one application should last for between eight and 10 hours. For a free brochure write to Travelling Light, Morland House, Morland, Penrith, Cumbria CA10 1BR, or telephone 09314-488.

AND WHILE WE'RE ABOUT IT

HOW DOES a week in the Highlands sound to you? A week spent stalking, trapping, fly fishing, learning to shoot on a rifle range and walking the moors? Wonderful? I thought so. But there's a catch—you have to be male and between the ages of nine and 12 if you want to spend a week on one of the Sutherland Estates Wildcat Ventures.

The brainchild of Martin Janson and two prep schoolmasters at his sons' school, Summerfields, it is a heaven-sent opportunity for city or suburban children to get a taste of real Highland outdoor life.

From July 26 there are six single week courses, each designed to introduce the boys to traditional Highland skills. Each week has six days filled with activties, from the stalking and fly fishing to treasure hunts and camp fires. It sounds a small boys' idea of heaven.

Needless to say, all possible care has been taken to make sure they are well cared for, well-fed and beautifully housed in a house close by Dunrobin *Castle*.

All in all it sounds a matchless chance to give a small boy the holiday of a lifetime. The cost per child is £339: this covers everything — including the flight, all meals and instruction in all the sports. If you are interested, there are still some places left for this summer. Write to Wildcat Ventures, Sutherland Estates, Golspie, Sutherland KW10 6RR. (or telephone 04083.3268 for a brochure and further details).

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THERE'S SOMETHING about Cowes Week that seems to bring out the Noel Coward in us all, and nobody more so than chaps who like messing about with boats. This summer Gieves & Hawkes' classic white Naval Officer's shoes are staging a comeback . . . and not just with the yachting set.

Their appeal seems to be part sheer nostalgia, part innate quality. These classic Oxfords in brilliant white are made to last. With white buck exteriors, they are fully leather-lined and have leather soles. £64.95 a pair from Gieves & Hawkes, 1 Savile Row, London, W1.

FROM SPECS to jewellery, this is the summer of the tortoise-shell "look." It doesn't have to be real. In fact the less real the better—it's not only much, much cheaper, but also much kinder on the tortoise.

Fenwick of 63 New Bond Street, London W1 has some of the most wearable, effective fake tortoiseshell jewellery around. Sketched here is just a small selection of the range. The bracelet is £3.95, the two brooches, (ideal for pinning on lapels) are £7.95 each, the bulldog clip is just 95p and there are varieties of gilt and tortoiseshell earrings for about £13.95 a pair. Fenwick will send any items by mail for an extra £1 to cover postage and packing.

TOWNSENDS, well-known to thousands of Londoners as a valuable source of antique fireplaces, salvaged stained glass and tiles, pillars and doors, has now extended its North London branch to include a section selling antique garden furniture and ornaments. Almost everything Townsends sells has been rescued from houses being demolished or restored. It is a good hunting ground for everything old and "period," from chimney pots (currently very popular as planters) to Georgian terracotta or glazed stone pots.

If you have something grander in mind — say a fine marble statue, Townsends has plenty of those in sale, too. So if you're tired of the mass-produced and the mundane, go along to Townsends at 1 Church Street, London NW8 and hunt around for the kind of one-off original that is never found off-the peg.

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THERE IS STILL one week left to catch the exhibition of automata at the Old Forge Gallery at The Green Elstead, Surrey GU8 6DD. Automata, in case you wondered, are mechanical objects, decorative or amusing or both, "that are relatively self-operating once they have been set in motion."

They can be small enough to fit into a pocket or large enough to hold the attention of a large gathering of people. There is, it appears, a resurgence of interest in such items, and the best work of modern craftsmen has been gathered together in this charming gallery.

Almost all the pieces have immense charm. Many have wit and humour, and some are so intricate and carefully wrought that they are transformed into works of art. There are puppets and animals, clocks and figures, masks with moving eyes, boats and machines. If you have never before seen an exhibition on this theme, make a point of taking in this one. On until July 11; everything is for sale; prices start at about £45 and go on up to £5,500 for the most complex and intricate pieces. But for those who just want to look and learn there is much sheer delight on offer.

L.v.d.P.

Simple salad days

Food for Thought

CAN YOU remember when cookery writers encouraged us to simplify our salads? The English "mixed salad" was an abomination to be despised, with its lettuce and tomato and radishes and bleeding beetroot mixed up together with a blob of salad cream on top to lend that final touch of chemicals. A plain bowl of torn-up lettuce leaves, with oily dressing to hand, seemed wholesome and desirable.

This new simplicity ushered in the era of salad-tossing as an art understood only by chefs and maitres d' who came to your table to perform their ritual, "turning it"—I remember reading — "with wooden forks so that the bruises showed on the green in dark lines."

Then we began to have problems over lettuce. Ordinary round lettuce seems too limp, too flaccid. Iceberg lettuce, crisp and unstoppably crunchy, has no more flavour (rather less) than a polythene bag. What we want is a dish of salad greens with some flavour, perhaps some traces of the bitterness bred *out of lettuce* by our forebears; perhaps a contract of flavours, but all greenery. Or greenery - brownery - pinkery-yallery.

The most assertively different, because it is red, is radicchio trevisano. It is widely *available now—I don't know a* greengrocer in central London who doesn't have it; most good supermarket chains have it on its own or, to save you bother, mixed up with salad greens.

These little boxes of pretty mixed salad are popular in the supermarket now — Marks & Spencer has one which includes nasturtium flowers. These look very decorative, but perhaps not everybody will eat them, believing they are just there for colour. But they are very good to eat — rather peppery.

Carla Tomasi, the chef at Frith's in Soho, says that when she puts radicchio into salad customers say: "No red cabbage for me." I am metropolitan enough to think that kind of thing might possibly be said in Derby, but Soho—honestly—no. (Soho has sold its soul.)

Radicchio is no red cabbage —a different creature altogether. It is a kind of red chicory. The French call it Trevise, tipping the hat to its town of origin in northeastern Italy. It is very nice but I don't think anyone has ever enjoyed a salad of Trevise and nothing else.

Battles about chicory and endive—which was which, and how the French got them the wrong way round—ended when people stopped treating them as a showing-off ground and began to enjoy them. Their two most widely available manifestations are the long, white tightly-packed leaves of Belgian endive or witloof which are blanched to produce the chicons, packed in dark-blue shiny paper to keep the dreaded light away; and the frizzy endive (what the French call *chicoree frisee)* sold in most markets (street or super) simply as Frizzy (or Frisee). Despite their profoundly different appearance, they taste remarkably similar. Both are slightly bitter, fresh-tasting even in winter.

All kinds of other salad greens are appearing now in the supermarkets. The *feuille-de-chene* is a brown lettuce looking exactly like very large oak leaves. I bought Alain Chapel's recipe book, La cuisine est Beaucoup Plus Que les Recettes, some years ago while on holiday in Lyon. Plenty of mentions there of "feuilles-de-chene," and I thought, in 1970s innocence, that he actually meant oak leaves. Its main attraction is that it has a wonderful autumnal look on the plate.

Sainsbury's often has another kind of bronze lettuce, frizzy like a huge brown carnation. Its origins are also in Italy. There is a certain kind of food snob for whom the only thing nowadays is rocket. You can get it from Cypriot greengrocers, who call it Rokka. Rocket is known in Italy as Arugula (stress on the second syllable); this name has followed it across the Atlantic. Every Korean greengrocer in New York (there are plenty of them) has Arugula, and even in quite ordinary restaurants in Manhattan you will hear the advertising executives shouting for the Arugula salad. Welcome it; a rocket salad is exceptionally nice, whether in Tuscany or on Second Avenue.

What with all these things, including lamb's lettuce and watercress (both of which have leaves of a size and shape you often need, which are not available from any other plant), our supermarkets see us all right for salads these days.

Both sorrel and dandelions have been thought worthy of commercial cultivation by the French. A salad of well-balanced dandelion, doused with frizzled fatty bacon and red-wine vinegar, is just my cup of tea.

Peter Fort

Raymond Hughes looks at some previous Lord Chancellors

On Woolsack

LIVES OF THE LORD CHANCELLORS VOL II: 1940-1970
by R. F. V. Heuston. Oxford, £25.00. 248 pages

THE TIMING of Professor Heuston's admirable and highly readable second excursion into the lives of the men who have held the office of Lord High Chancellor of Great Britain could not have been better. It appears when the legal profession has just said farewell to Lord Hailsham and is debating the qualities and likely achievements of his successor. If Lord Havers wishes to command much space in any future volume he will have to make his mark as a reformer, for, on the evidence of the present volume, it is the law-reformers who most enjoy the author's attention.

Lord Jowitt, "whose . . . achievements, especially in the field of law reform, seemed to me to have been seriously under-valued" and Lord Gardiner — "It is as a law reformer that Gardiner will live in English history"—get respectively 76 and 39 pages while none of the remaining four reaches 30.

Lawyers, many of whom will have known, by repute if not direct experience, some or all of the six, will be able to argue over their respective merits (and demerits) as set forth by Professor Heuston.

Lay readers will learn something of the character of men who have held England's highest legal office. Among them Simon who was elaborately polite in court, especially to his juniors, but "could be blisteringly rude in public to those he regarded as his inferiors—such as solicitors' clerks."

Jowitt had a "magnificent appearance" and "any actor would have been grateful for his superbly sonorous voice" and it was under his Chancellorship that the first sustained effort was made "to bring the poor as well as the rich within the scope of the protection of the law" by means of the 1949 Legal Aid and Advice Act.

For many readers the most interesting part of the chapters devoted to Simonds will be his attitude towards Lord Denning. He "developed an intense intellectual dislike or contempt" for Denning's approach to the law, which he thought "imperilled the structure of the law and gave undue prominence to the individual judge."

Simonds' tenure ended suddenly when he was sacked by Churchill in favour of Kilmuir. He "did not conceal his annoyance at being replaced by one . . . for whose attainments as a lawyer he had little respect."

One may surmise that Simonds derived some small satisfaction from the fact that the successor for whom he had so little regard also suffered the ignominy of being sacked. Kilmuir took his dismissal by Macmillan hard. "I once remarked . . . that loyalty was the Tories' secret weapon. I doubt if it has ever had to endure so severe a strain."

The man who next got the job was Dilhorne who said of it: "If I were ever asked what I thought was the Lord Chancellor's chief job in life, I should tell you without hesitation that it was to preserve the independence of the judiciary."

Suiting the action to the word, in 1963 he took the opportunity while addressing West German federal judges, to rebuke the then Leader of the Opposition, Harold Wilson, for what Dilhorne characterised as "a libel on the judges"—a suggestion that the British Government was improperly influencing the judiciary.

It was generally assumed that, if Labour got into power, Gardiner would be Lord Chancellor. His arrival on the Woolsack ended the rather barren period in law reform post-Jowitt. "My . . . interest in law reform," he later wrote, "has not at all been that of the academic lawyer. It has simply been an instinctive reaction to injustice."

His achievements included the reorganisation of the criminal justice system, the establishment of the Ombudsman and, above all, the Law Commission, charged with reviewing, simplifying and modernising the law.

Professor Heuston quotes Hailsham's view that "when the Chancellorships of the latter half of the 20 century come to be assessed . . . the chief monument which [Gardiner] has left behind him will come to be regarded as the Law Commission. I regard this institution of the greatest value to the law reformer, both inside and outside government."

Lord Havers (left) and his predecessor, Lord Hailsham

Ian Davidson on a publisher's passion to flee frequently across the Channel

Le Gallomania

THAT SWEET ENEMY: A PERSONAL VIEW OF FRANCE AND THE FRENCH
by Christopher Sinclair-Stevenson. Jonathan Cape, £12.95. 198 pages

THIS IS a book which will have considerable appeal for all those who love France; for in Christopher Sinclair-Stevenson they will meet a kindred spirit whose fondness for the country and its people lies only just this side of idolatry. Not merely will they be gratified by a common indulgence in an enthusiasm which has long afflicted a certain type of Englishman; they will also find that in Mr Sinclair-Stevenson they have a very superior celebrant of the common cult.

France is such an appealing country, so rich in history and so varied in geography, that it has always had many admirers; from this side of the Channel: it has for centuries been at once the great rival in terms of geo-political power and intellectual attainment, and the perpetually unpredictable antithesis in terms either of excessive despotism or excessive populism. Its attraction is also linked to the alluring symbolism of the sybaritic South, the ambivalence of the contrast between Brittany, the Nord against Provence and the Midi, with Paris holding the ring in between.

Sinclair-Stevenson really knows his France, and is aware of these tensions. He is knowledgeable about its art and architecture; he dwells with unusual enthusiasm and expertise on its music. The amount of space devoted to French music is slightly surprising, considering the vast chasm between the genius of some of its greatest composers, and the general unmusicality of a nation whose natural inclination leans more towards literature or the visual arts. But Sinclair-Stevenson is both erudite and entertaining in an anecdotal way about the history.

Most important of all is his understanding of the French as people; on the whole, he obviously likes them enormously, but not uncritically; from time to time he takes a fierce swipe at some of their less attractive characteristics: their love of *la gloire*, their chauvinism, their arrogance.

But the book is not constructed as a rigorous assessment, let alone as a complete picture or systematic analysis; it is, as the subtitle justly tells us, "a personal view" made up of a number of more or less self-contained essays, which meander pleasingly from one subject or one part of France to another with the educated and enthusiastic English tourist always in mind.

Thus the book opens with a chapter on the Channel ports, follows with an essay on some of the more famous spots in Paris, and goes on to discuss French sexual mores. After that we have food, wine, Henri IV, the châteaux of the Loire, Voltaire, the South of France, the colonies, La Gloire, the Franco-German conflict, and chauvinism.

At this level it is extremely well done; as I have said, the writer clearly knows his subject very thoroughly, and he writes well enough to entertain, to inform and to communicate his enthusiasm. The trouble is that it ultimately fails to live up to the claim of the subtitle that this is a truly *personal* view. No doubt each of the topics covered, taken by itself, would deserve a place in a book about France; taken all together, however, the list produces a deadeningly predictable effect, as if the synopsis had been constructed for commercial reasons by the publisher (which in fact is what Mr Sinclair-Stevenson is under another hat for another imprint). The chapter on French sexual mores, in particular, looks as if it has been put in to appeal to the American market, because it contributes nothing to our understanding of the subject.

Moreover, I am afraid that Mr Sinclair-Stevenson does not quite compensate for the predictability of the basic ingredients with any particular idiosyncracy or panache in his treatment of them. His judgments tend to be perfectly reasonable middle-of-the-road judgments, his likes and dislikes to be conventionally *bien pensant*. The result is entirely pleasant, as well as educative, and will no doubt attract many readers: but it is not a particularly individual view of France.

Lady's straight lefts

ON BOXING
by Joyce Carol Oates. Bloomsbury. £9.95. 118 pages

SPORTING LITERATURE: AN ANTHOLOGY
chosen by Vernon Scannell, Oxford University Press, £12.50. 354 pages

ALL SORTS of good writers have been attracted to boxing: Swift, Pope, Johnson, Hazlitt, Byron, Twain, Hemingway Mailer. And now we have Joyce Carol Oates—excellent modern novelist and boxing aficionado—scrambling into the ring, gracefully disrobing, checking her gumshield, sliding in close, sticking out a jab, connecting with a right, grunting and feinting and scoring point after point.

It is a handsome little volume complete with good arty pics in grainy black-and-white and a collection of exceedingly telling quotes. The one from Marvellous Marvin Hagler says: "If they cut my bald head open, they will find one big boxing glove. That's all I am. I live it." Like something from a horror show, Mike Tyson says: "I try to catch my opponent on the tip of his nose because I try to punch the bone into the brain."

In some quarters On Boxing has been judged a shade pseudy. For example, Ms Oates is quite silly on the subject of Time, maintaining that:

"when a boxer is 'knocked out' it does not mean, as it's commonly thought, that he has been knocked unconscious, or even incapacitated; it means rather more poetically that he has been knocked out of Time... Counted out, he is counted 'dead'—in symbolic mimicry of the sport's ancient tradition in which he would very likely be dead."

Yet passages like that do no particular harm, for Ms Oates possesses balls. She knows her boxing. Indeed, she doesn't think of it as a "sport," and is right not to do so. Nor does she think of it in writerly terms as a metaphor for something else. She says that life is like boxing in many unsettling respects. "But boxing is only like boxing."

It is about machismo and masochism; and anger and money and sweet sweaty love. One of the primary things boxing is about is lying. As José Torres said: "We fighters understand lies. What's a feint? What's a left hook off the jab? What's an opening? What's thinking one thing and doing another . . . ?"

Ms Oates writes violently well about most of boxing's modern heroes and concludes, quite splendidly, that all fight fans, however experienced, know that boxing is "sheerly madness," for all its occasional beauty. That knowledge is our common bond. And sometimes our common shame.

There is a lot of boxing in Vernon Scannell's well-chosen anthology, Sporting Literature, including an extract from Hazlitt's great essay, The Fight. Indeed, the boxing chapter alone includes extracts from Shakespeare, Sir Walter Scott, Pepys, Boswell, Byron, Dickens, Jack London and John Masefield.

Other chapters cover hunting, fishing, racing, football, cricket, golf, bowls, tennis, water sports, running and mountaineering. And there is some rather good poetry by Scannell himself. In short: an excellent collection that is well worth the price.

Michael Thompson-Noel

Fiction

Trouble with twins

THE ICE IS SINGING
by Jane Rogers, Faber, £9.95. 153 pages

THE ACCOMPANIST
by Nina Berberova, translated from the Russian by Marian Schwartz, Collins, £7.95. 94 pages

A SUMMER AFFAIR
by Ivan Klima, translated from the Czech by Ewald Osers Chatto & Windus, £11.95. 263 pages

JANE ROGERS won the Somerset Maugham Award and no wonder: a dazzling natural writer, she strikes me as the most memorable young talent since Martin Amis shot into the sky of style and imagery. Her third novel, The Ice is Singing, has an odd form, being a story which contains short stories. On the run from life, despair, and impossible domesticity, and driving through a snow-bound landscape, Marion tells stories about others, tales of despair and horror not like but parallel to her own.

Pushing 40, she has given birth to twins who exhaust and overwhelm her. Her husband has left her and their two older daughters, once her delight and fulfilment, have followed him and a new mistress. She cannot cope; the inexorable daily chores pile up, mess accumulates, mental mess above all. When a sister comes to help her she abandons everything and drives off into an anonymous world of snow, bed-and-breakfast, and self-discovery of a sort; and tale-spinning.

What happens is much less important than its marvellous, eccentric treatment. The writing sings and lives and spins its own magical life so that we learn what matters, the state of things physical and metaphysical in Marion's life. There are some magnificent descriptions of snow and fear—when the car is buried in a drift, for instance, and the door gradually becomes impossible to open, white darkness and soft terror close in with a kind of beauty. This is not a debut but the third flowering of a new writer who cannot, any more than Martin Amis could, be called promising; the promise is already fulfilled.

The Accompanist has a very different form. It is a novella written by a Russian in exile and signed, at the end of the short text, 1936, from which, unless the date is fictional, one gathers it was written 50 years ago. It is a brief unvarnished story implying much, saying little. Sonechka is a plain, self-effacing girl destined to walk in the shadow of others; as a pianist she is employed by a beautiful extrovert singer who whisks her away from her drab life in St Petersburg as the illegitimate child of a music teacher, and takes her out of the horrors (very reticently described) of the Russian Revolution to the delights of emigré Paris. Sonechka worships her rescuer, not surprisingly, and, also not surprisingly, resents her, is jealous, plots against her, fondles a revolver, spies and sneaks a little. Expectedly, the unexpected happens, life is overturned and Sonechka ends playing the piano in a cinema, still accompanist to the dreams of others.

It is hauntingly simple, its underlying complexities teasing and memorable, a tale in which time and history blend with the personal whim of fate and childishness, luck and unluckiness, the arbitrary nature of looks and personality.

A Summer Affair is Czech and so beautifully translated (by Ewald Osers) one forgets it is a translation. It is the classic story of the dizzy girl and the serious, older, besotted man. David is a scientist in Prague, researching into the problems of ageing. His work is all-important so that one feels, with him, the irrelevance of wife and children, two litle girls whose chatter seems boring, as it does to him. But he and Camilla have in common their awkward pull uphill in the Warsaw Pact country they are not exactly stuck but at home in. Shall they leave while they can and live in England (he has been offered a year's work at University College London)? Or shall they keep saving to buy the small house they desperately want, which means watching every penny?

When he meets and becomes obsessed by Ivi, a modern Lola-Lola who works in a nightclub, this penny-pinching is, not forgotten exactly, because it weighs on every item of expenditure (flowers, jewellery, boots, scent, a fabulous dress, a trip to London and much more), but purposely discontinued with a sort of conscious madness. That is the price of a quarter of a window, he tells himself as he buys flowers or looks at his shabby Camilla who never spends a penny on herself and is always tired.

Ivi clearly has no love for him in the sense he means it, chatters, spends, has no future, in a sense bores him; certainly has no understanding of his work, of what previously mattered most to him. But he cannot leave her, cannot stop the double infidelity of love-making and spending on her the carefully gathered hoard, Camilla's as well as his. Obsession is strongly depicted, well observed, depressingly credible. The end is abrupt and perhaps too convenient, leaving David free. A very personal story is set in a society that is strange to us yet strangely familiar too, because its preoccupations, here, are the universal ones, those of the senses and the heart.

Isabel Quigly

A lithograph of Aborigines on the move—from the jacket of "The Songlines"

Singalong story

THE SONGLINES
by Bruce Chatwin. Jonathan Cape, £10.95. 292 pages

THE SONGLINES belongs at heart to the school of Robert Louis Stevenson. As in Stevenson, you fel the writer is giving you back your youth re-discovering his own. Chatwin covers a wide Australian terrain. Sharp, short sentences propel his narrative forward with smooth, high-octane boost.

Last time the terrain was Patagonia; this time it is the Outback. Chatwin is the innocent abroad who nurses a theory, spawned out of much reading in literature and anthropology, the notes and quotes of which he unloads on us during the course of his quest, that nomadic peoples are wiser, happier and more peace-loving than sedentary ones. To get up and go, and keep on going, is, according to this view, the essential purpose of human life. So much for Saint Jerome in his cell, Proust in his cork-lined room, and patience sitting on a monument.

However, if Chatwin was ever going to persuade us that onward mobility is the secret of blessedness, he could not have found a more likely field of operation than here in the scorching Outback among the Aboriginals, a people by whom the word, Walkabout was first coined, and for whom the activity it signifies is not a momentary aberration or lapse; on the contrary, it represents a period of exceptional awareness, during which the person who is walking about, has a sense of being raised to a higher power.

It is a power transmitted to him by the ancestor of the tribe to which he belongs. Chatwin resuscitates a delightful Creation myth deriving from the wisdom of the Aborigines. Each totemic ancestor, a lizard, a goat or a snake, as it might be wandered about the unformed land *singing* it into being. These aboriginal songlines may still be traced by members of the tribe in communion with their ancestral deity through the Walkabout.

As you might expect a writer possessing Chatwin's keen descriptive gifts gets a great deal of mileage from this notion. Unaided he would not have had access to either the information or the locations that would enable him to pursue his investigation, the Aborigines being highly secretive about their tribal learning.

Chatwin finds the perfect partner in an Australian called Arkady, the son of a Cossack exile, who acts as the Virgil to Chatwin's Dante. Arkady represents the Aborigines in their perennial battle with the Australian railway authorities over the ownership of the land. He is a veteran traveller who has the full confidence of the natives whereas Chatwin attracts all the hostility and suspicion surrounding the newly arrived Pom.

Setting out from Alice Springs and bumping along the rutted, hard-baked tracks the intrepid pair encounter a huge variety of characters, each of them totally individual, all of them, men, women and children, very tough.

If you are prepared to put up with the flashbacks, with which Chatwin interrupts the journey in an effort to universalise his view of the nomadic life, you should find the ride an exhilarating one.

Anthony Curtis

Modesty blazes

PLAYING FOR TIME
by Jeremy Lewis. Collins, £12.95. 240 pages

THE PAST is a foreign country, and like any good travel writer, Jeremy Lewis leaves you dying to go there. An enchanted land, perhaps, but one a little difficult for most of us to reach, for Jeremy Lewis is a living anachronism, oddly out of joint even with the London and Dublin of his youth.

His volume of memoirs, which covers school, student days and early jobs in between, ends 20 years ago, and already here is a Young Fogey in the making.

As an aspiring advertising agent, he fill the hours with Pickwick instead of office cricket and fails utterly to come to terms with the telephone; incoming calls send him shambling off guiltily to the Gents, outgoing communications are delivered to bewildered recipients in person.

Large, gauche and timid, Lewis is his own comic butt. Wayside digressions go back to indignities suffered in the boxing ring (always a mild-mannered man, he made his way to the final accompanied by cries of "Oh Gosh I *am* sorry") and on the sportsfield, and later in the sexual arena.

Not altogether believable, it makes for great entertainment, with not a shade of malice in sight. Lewis emerges a little like a cartoon character, but there's something wistful and uncertain underneath, and in the comic mishaps lies the rub—Lewis fails at games, at office politics, because he simply cannot see the point.

His lack of ambition (even less convincing — he's now a successful writer and director of Chatto) and his agnostic worries look as if they may have similar roots, and I couldn't help recalling, in style of humour as well as species of doubt, Evelyn Waugh's Modern Churchman "who couldn't understand why God had made the world at all."

Jackie Wullschläger

Peter Lorre in 1938 as Hollywood's Mr Moto. The original reappears in two mystery novels reviewed below

Agent and samurai

YOUR TURN, MR MOTO
THANK YOU, MR MOTO
by John P. Marquand. Souvenir Press, 281 and 273 pages. £8.95 each

MORE THAN 50 years after being serialised in the Saturday Evening Post the first two of J. P. Marquand's novels of oriental intrigue are back in print, as fresh and engaging as ever.

The Hollywood films starring Peter Lorre as Mr Moto, still being shown on British television, give no idea of the quality of the books in which he features. Marquand was careful to work out his melodramatic plots against a backcloth of the darkening international scene as Japanese influence in China was extending to the Great Wall and beyond. An ambivalent attitude towards Japanese aggression accounts for his sympathetic portrait of Mr Moto, ace secret agent and samurai, whose dominant characteristic is an apologetic ruthlessness.

The novels are written to a formula under which, in a picturesque setting described in travelogue prose, an American anti-hero, an enigmatic and decorative heroine and a cosmopolitan supporting cast all become embroiled in some dangerous international intrigue with Mr Moto as the joker in the pack.

In Your Turn, Mr Moto (serialised as "Mr Moto Takes a Hand" and first published in book form as No Hero) a stunt pilot with a drink problem, enlisted in the Japanese secret service by Mr Moto, is in competition with various nationalities for possession of an invention that will tip the balance of power in the Pacific in favour of the country securing it.

The action takes place in Tokyo, Shanghai and Manchuria, while Peking, lushly described, is the scene of Thank You, Mr Moto in which a world-weary dilettante finds himself Mr Moto's ally in attempting to forestall an "incident" being engineered by the Japanese militant party as a pretext for further inroads in China. The dénouement in a ruined temple provides a grandstand finale.

"It may not be art," Marquand said of one of the novels "but it is not bad cabinet-making," an over-modest verdict, for they are intelligent entertainments from the hand of a pro, and it may be hoped that the four later titles in the series will soon be brought back into print.

John Whitehead

• ARTS •

Roy Strong sees the Italian ceramics show at the British Museum

Maiolica rediscovered

WE NEVER look at ceramics enough. Sadly we remain victims of the destructive divisions between the fine and decorative arts. We flock to exhibitions of paintings and sculpture, even if mediocre, while our response to tapestries or silver is in the main muted, bordering on the indifferent. That is our loss, as the marvellous exhibition of maiolica at the British Museum demonstrates.

Ceramic Art of the Italian Renaissance (until September 20) is an enormously enjoyable and informative exhibition, a positive explosion of colour and invention which captures neatly the spirited creativity of an age.

Twenty years ago I remember going behind the scenes at the British Museum and seeing ceramic plates arise in stacks on top of cupboards and wondering what they were; these things have been in store since the end of the last war. What is splendid is that they are presented to us with a feeling of revelation.

That sense of rediscovery we owe to Timothy Wilson, whose meticulous scholarship is at the heart of the show, combined with an enthusiasm and a clarity which reaches out to a broad, less informed, public. There is a fine line to be observed in this process which, if crossed, leads to vulgarisation. Here objects of great beauty are successfully displayed as works of art in their own right, at the same time, set within their historical and sociological setting, mercifully without an over-dose of mind-blowing graphics.

It is pleasant to be reminded of an obvious but pertinent fact: that these pieces with their lustrous range of colours—blues, greens, yellows, browns and reds—are as fresh as the day they left the workshop. When we look at a bowl decorated by Nicola da Urbino as part of a great set commissioned by that discriminating patroness, Isabella d'Este, Marchioness of Mantua, we are seeing what she saw and not, as in the case of a picture, a surface on which paint has changed colour, suffered from overcleaning, flaking or clumsy restoration.

Putti support the arms of Gonzago impaling Este in the centre, while the border contains the story of Apollo slaying the python and Apollo chasing Daphne. Dating from the middle of the 1520s, we see at a glance the whole reception of renaissance style, subject matter and imagery into ceramic art. An antique river god reclines at the bottom of the border and the figures enacting the stories drawn on classical prototypes, while the tondo form is treated with a respect for renaissance principles governing pictorial space.

The story is a relatively simple one in which a technique derived from Islam was transmuted by further technical discovery and the revival of antiquity in 15th century Italy to produce something utterly unique. In academic terms, it is more complicated, as research and now archaeology sort out the wares to be apportioned not only to the great masters of maiolica such as Nicola da Urbino and Francesco Xanto Avelli, but more particularly assigned to their source, Faenza, Emilia-Romagna, Pesaro, Caffaggiolo, Deruta and Gubbio.

And that highlights very strikingly the ideological principles upon which this collection is based, in contrast to the attitude held by the V & A: maiolica as archives, as artefacts in history, as against maiolica as instances of the evolution of style and as inspiration of future developments in ceramic manufacture and the crafts.

Due to the location of the maiolica workshops, on the whole in the centre of Italy rather than in the north or south, the stylistic repertory, inevitably derivative, is drawn above all from artists such as Perugino, Signorelli and Raphael. Even if the scene is derived from an engraving made north of the Alps, the end result is central Italian. And the ceramic painters drew on book illustration, above all engraved sources, which were kept in the workshops for their compositions. Even at its best, these decorated pieces are a derivative art form, making use at a remove of the innovative ingredients of the great painters.

I suppose if I had to declare my hand in terms of personal preference I would plump for the earlier pieces before the advent of the mythological scenes c.1500. One senses in them the roots of the east with the decoration usually only in pattern but painted with such vigour on robust earthy shapes, jugs and storage jars, tiles and bottles.

Any English eye educated by Morris and de Morgan would confess such a preference; somehow the more limited colour range and the retention of the two dimensional nature of the object results in a more satisfactory product. That is why, when maiolica comes out of its *istoriato* phase in the mid-16th century and made use of grotesque ornament based on that discovered in Nero's Golden House and reinterpreted by Raphael in the Vatican, there is once again a respect for the medium as opposed to the turning of plates into easel paintings.

Like everything else to do with the renaissance, the technique wended its way northwards to these islands. Italian immigrants brought it here in the 1560s, and feint echoes of a style of decoration evolved in Urbino resonate down into the England of Charles II.

Maiolica dish with a classical hero in fantastic pageant-armour, made in or near Urbino in 1520, which echoes designs by Leonardo da Vinci

John Falding visits a new Swiss arts foundation

Bizarre cultural mix

AN INTERNATIONAL art gallery with garaging for 40 vintage cars: a concert and recital hall encompassing ancient ruins — the Pierre Gianadda foundation at Martigny in Switzerland thrives on contrast and incongruity.

This is hardly surprising, given the coincidence of good luck and personal tragedy which led to its formation 11 years ago and the paradoxical character of the man who designed and engineered not only the foundation, but the building which houses its extraordinary cultural mix.

Nevertheless, the stark concrete bunker is unexpected in the sprawling residential outskirts and seems an unlikely venue for important and comprehensive summer-long exhibitions of Klee, Picasso, Goya, Fauvism, Rodin or the current celebration of Toulouse-Lautrec.

The growing success of the exhibitions — 200,000 visitors are expected this year — has helped Martigny to become more a place to visit and less of signpost on the historic route between France and Italy taken by the Romans, Napoleon and skiers heading for Verbier or Zermatt.

Leonard Gianadda, the foundation's founder, architect, president and driving force is 52, but it doesn't show. A builder turned art-lover and gourmet, he dresses in black, matching his turbo Porsche, and exudes a tough charm and enthusiasm which he needs in full to cope with the ever-stricker lending policies of the leading galleries and museums.

For this year's exhibition, which ends on November 1, he managed to persuade the museum at Albi, Toulouse-Lautrec's birthplace, to part with 25 paintings and 15 drawings during its busy season to complement about 160 works from public and private Swiss sources.

Paintings have been hung with associated sketches, lithographs and posters and attempts at reconciling theme and chronology have been largely successful. Highlights include the two Yvette Guilbert albums and the rarely-seen early drawings of horses, riders and jockeys.

Gianadda's other contribution to *Martigny has* been to build about 800 flats. Fourteen years ago he was planning to grace the valley with a 16-storey block on land he owned in the archaeological zone. Obligatory soundings revealed first a hoard of Gallic and Roman coins and then the remains or a sanctuary and a dry stone podium dating from before the Roman conquest of the Valais region in the 1st century BC.

Gianadda could have built his tower block because the planning authorities recognise that it is impossible to preserve all the region's many sites, but he was reluctant to destroy what was now identified as the finest example of an indigenous Gallo-Roman temple.

In July 1976 Gianadda was on holiday considering how to resolve the dilemma. At the same time his younger brother Pierre who ran a wildlife park in France, was bringing snakes back from Egypt. The expedition's light aircraft crash-landed in an Italian olive-grove. Pierre returned to the flames to rescue a colleague and died of his burns a week later.

Gianadda abandoned the tower idea and decided to commemorate his brother with a "living" museum. He buried his grief in the task and within six months had organised designs, funding and constitution for the Pierre Gianadda Foundation.

The exterior of the square, windowless building is buttressed with sloping half-hexagons neatly echoing the contours and mass of the surrounding peaks. The depth of the excavations doubles the internal height and the layout ensures that visitors find it difficult to escape the total experience.

A gallery at ground level is lined with stunningly presented roman bronzes and showcases of coins, ornaments, cooking utensile and household objects. Wide concrete staircases lead down to the main exhibition area. This surrounds the remains of the temple and extends through a passage to the vintage car museum in what was intended as the underground car park for the tower block.

Gianadda accepts the contradiction in combining cars and archaeology but argues that it is unusual for even the most scholarly visitor to be uninterested in the models. They date from 1897 to 1939, reflect the role played by Valais in the Swiss motor industry and include such celebrated marques as de Dion-Bouton, Bugatti, Hispano-Suiza, Rolls-Royce and the Delaunay-Belleville of Tsar Nicolas II.

The erection of a stage near the podium and provision of seating on and below the galleries transforms the building into a concert hall with surprisingly warm and lively acoustics. Concerts include several in collaboration with the Montreux-Vevey festival and this September's visitors will include the pianists Alicia De Larrocha and Claudio Arrau and the mezzo-soprano Teresa Berganza.

Even the landscaped garden has an identity crisis. Is it a sculpture park—there are fine pieces by Rodin, Miro, Dubuffet and Segal among others. Is it an archaeological site, with its exposed Roman walls and well-preserved Roman bath house? Perhaps a drink from the open-air bar will decide the issue.

Detail from "M. Desire Dihau" by Toulouse-Lautrec, 1890

Records

Naval ensign turned composer

Roussel: Symphonies 1-3, 2-4, Orchestre National de France/Dutoit. Erato ECD 88225-6 (also on 2 LPs and 2 cassettes)

Messiaen: Vingt regards sur l'Enfant - Jésus, Malcolm Troup. Altarus AIR 2-9099 (3 discs)

Pärt: Stabat Mater and six shorter pieces. Hilliard Ensemble, Kremer & Co., brass ensemble / Stuttgart Orchestra / Dennis Russell Davies. ECM 1325 (also a cassette and compact disc)

When Albert Roussel's opera-ballet *Padmâvatî* appeared in a first-rate recording three years ago, the satisfaction of Rousselians everywhere was tempered by the knowledge that there are fewer and fewer Rousselians. A major figure between the wars—the most respected French composer after Debussy and Ravel, in fact—he is less and less performed, though not less esteemed: outside France, most music-lovers now have never, to the best of their knowledge, heard a note of his music. Charles Dutoit's new recordings of the four symphonies should do more to revive him than any other efforts in the half-century since his death.

Part of the trouble has been that there isn't all that much Roussel; only about five dozen works, many of them small, and not specially concentrated in any one medium. The sequence of symphonies is the only exception, and the first two are scarcely ever played. (Each of the Dutoit records cannily couples an earlier one with a later.) But they cover his whole mature career nicely, from 1904 to three years before his death; they display him in perspective, and he emerges with distinction.

Younger than Debussy but older than Ravel, Roussel was a late starter, for he was a naval ensign until a musical friend persuaded him that he had a talent worth cultivating. The First Symphony is only his opus 7, but he was 37 when he completed it — he had been a "mature student" while his junior Ravel was already acquiring fame. Like most of his music before the Great War it is honestly Impressionist (some "effects," certainly, but with good causes); its title "Le Poème de la forêt" doesn't reveal its pictorial-expressive plan, which is to represent the seasons from winter through autumn. (Glazounov's *The Seasons,* just out, had pre-empted the proper title.)

The symphony was well received, and must have been heard to display both a high professional sheen and a specifically orginal cut. As happens with composers who fulfil their promise, however, it reveals itself far better to us latecomers. In the context of the later music, what's peculiarly Rousselian about it stands out vividly: we can recognise the sense of his musical gestures immediately, where his contemporaries could have detected only an unfamiliar and intriguing flavour added to the polished Impressionist idiom.

Between the First and Second (1921) Symphonies came Roussel's "Oriental" period, of which *Padmâvatî* is the fruition. His naval expeditions had taken him to the Far East, and in 1910 he chose to take his honeymoon there. Both the ritual character of Eastern music and its rich linear inventions—free from the constraints of Western major and minor scales—impressed him. *Padmâvatî* exorcised his yearning after ritualised music-making, but not his fascination with stringing non-tonal lines over the standard tonic-and-dominant base (as much the base of Eastern music as of Western).

That shows, decisively, in his Symphony No. 2. For almost everything in Debussy and Ravel you can find (with a little ingenuity) an academic tonal description, but not for Roussel, despite his never composing "atonally." Though Eastern music had stretched his ears, quite naturally, he maintained his mature-student respect for Western ideals of symphonic coherence. With no revolutionary impulse, he moved smoothly into new musical territory while Teutonic composers still trembled on a perceived brink between tonally committed music and Schoenberg's atonality.

The result might have been only abstractly interesting; but it isn't, *because Roussel's three later symphonies are laden* with character. The usual buzzwords are astringent, cool, athletic, angular, laconic, reticent; I wouldn't quarrel with them, but experiencing the music — at once narrowly of its period, and yet toughly direct musical expression — makes them superfluous. Roussel often echoes himself, but you grasp the sense of both the original and the echo better on that account. Dutoit's extremely faithful, poised performances amount to a gripping conspectus of a severely individual composer's development.

Olivier Messiaen is a Grand Old Man now, but he was young enough to have shared at least one teacher (Paul Dukas) with Roussel. The possibilities of musical ritual, which Roussel experimented with and then forswore in favour of traditional symphonic argument, Messiaen has embraced in the name of devotional Roman Christianity — with a quirky wealth of ritualised invention. One of his chief monuments is the huge piano cycle *Vingt regards sur l'Enfant-Jesus* (1944). There are various recorded accounts of it; the latest, by Malcolm Troup, is notably perceptive about all its salient musical features (as is his sleeve-note) and executed with splendid panache. It is sophisticatedly cogent while making the most of Messiaen's sumptuous piano-writing, a pleasure to hear.

Another kind of piety is represented by the music of Arvo Pärt, a Soviet Estonion who moved to Germany in 1980. It could become a cult, quite innocently: Pärt's rigorously pared-down pieces eschw any theatrical tricks, but they have a peculiarly timeless, comforting glow. The music of the early Church is his model, with elements from Eastern Orthodoxy, though there's no impression of pastiche. Lovely, lucid performances by the likes of the Hilliard Ensemble and Gidon Kremer make the most of Pärt's sober construction and refined textures; no personality intrudes, least of all the composer's. In a difficult world, a kind of solace . . .

David Murray

Saleroom

Magritte's week

RENÉ MAGRITTE'S bowler hat, which the Belgian surrealist artist featured frequently in his paintings, sold for £16,500 at Sotheby's on Thursday. There was nothing special about the hat, which the saleroom had estimated at around £1,000, but prices at the auction were as unreal as the painter's imagination.

One of the celebrated wine bottles which he overpainted with a nude sold for £112,200, while two others made £52,800 and £39,600—the latter being acquired by a French wine Chateau, Giscours. There was incredulous laughter in the saleroom when Magritte's easel, palette, paints and brushes sold for £41,800, as against a £4,000 forecast.

This has been Magritte's week. On Tuesday there was a record price of £418,000 paid for a self-portrait and then, in this auction devoted to the remaining contents of his studio, all the lots sold, for £2,469,434. Top price was the £297,000 paid by the London dealer Waddington for "Le Prêtre Marié," who Magritte depicts as two apples wearing masks against the sky.

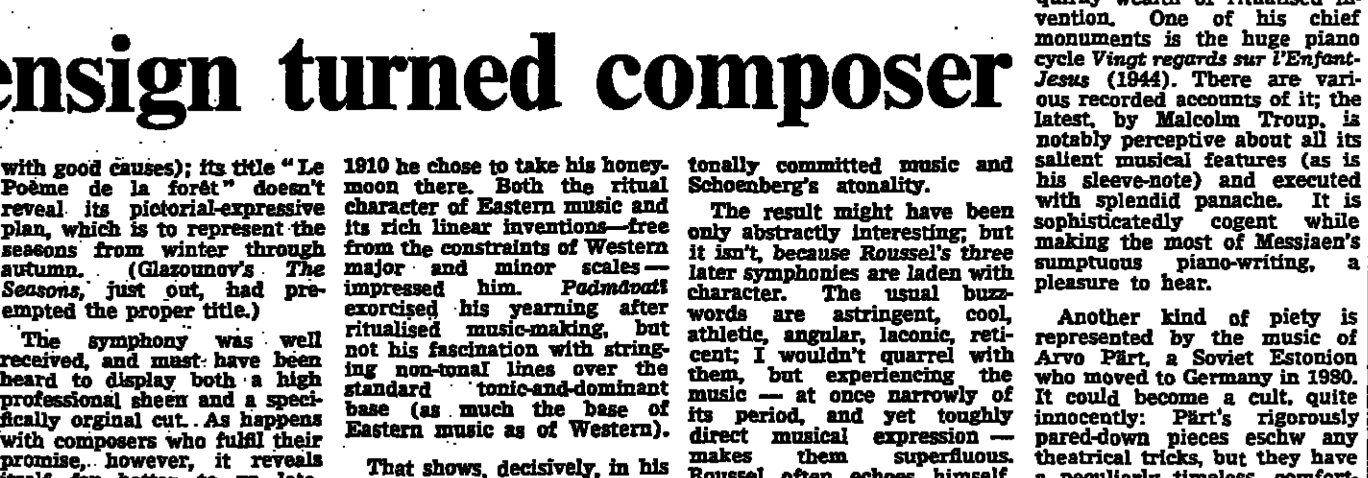
This has also been a remarkable week for contemporary art which seems to have found a new generation of collectors. At Christie's yesterday there was a total of £2,769,701, and only 4 per cent unsold. Top price was the record sum of £198,000 paid for a work by Karel Appel, "Le grand chef cobra," dated 1950. The price was three times forecast.

There was also a record £99,000 paid for "Jaune et noir sur fonde rouge fonce" by Serge Poliakoff, and the £77,000 paid for "Grand polychronie" by Arman.

Antony Thorncroft

Chess No 678

1 R(1)-Q1. If 1...P-N3; 2 R-B6, P-B3; 3 K-Q2; K-Q4; 4 K-K3 mate, or if 1...P-B3; 2 R-Q6 with a mirror version of the other mate.



"Yiddish Theatre in London," an exhibition at the National Theatre until August 8, fascinatingly evokes a once thriving culture based in the East End.

The great wave of Jewish immigration from Eastern Europe resulted in a rich theatrical life centred in Whitechapel from the turn of the century. *The repertory* included the classics, some updated as in "The Jewish King Lear," others more traditionally performed, notably by the great Moscovitch in Strindberg, "Thérèse Raquin" and Shakespeare.

The exhibition, organised by the London Museum of Jewish Life, recalls operetta and such spectacular grand operas as "King Ahaz," besides the established Jewish drama: "The Dybbuk," "The Golem" and the works of Aleichem and Asch. One photograph gives a glimpse of the young Muni Weisenfreund, the child of popular character actors, already unmistakable as the future Hollywood star Paul Muni.

Both the Pavilion—"the Drury Lane of the East"—and the Grand Palais are gone from Whitechapel; but a small group keeps the tradition alive.

World War 2 found East End Yiddish Theatre more vital than ever. "The King of Lampedusa" (above) was a topical hit based on the real-life adventure of a Jewish RAF pilot who crash-landed on Italian territory only to receive the prompt surrender of the terrified garrison. Meier Tzelnicker (left), much loved in British films, is seen with his daughter Anna (centre) at the Grand Palais in 1944. Anna Tzelnicker still performs Yiddish theatre.

WEEKEND FT

· SPORT ·

Umpires in cricket operate under a great deal of pressure. In fact they can't win, says Teresa McLean.

The men who can only lose

WHEN DICKY BIRD limped off the field on the second day of the Old Trafford Test, he made cricketing history. It was the first time a Test match umpire had retired hurt and been replaced by a substitute, though every Test match has had a stand-by umpire since the TCCB decided three years ago that umpires were high-risk figures.

It would have to be Bird who turned high risk into historic drama. The fates decreed it. His presence alone seems enough to attract unusual events, difficult decisions and awkward controversies. In his 17 years of umpiring first-class matches he has become a national folk hero.

Most umpires like to be as inconspicuous as Bird likes to be conspicuous. Jack Birkenshaw was the substitute for Bird at Old Trafford and he is a quiet umpire *par excellence*. This was his maiden Test match, and it is a tribute to his unobtrusive ability and authority that he was accepted immediately by everyone on the field. It was no small achievement.

Modern Test matches are an ordeal for umpires. The most striking and most depressing thing that Bird and Birkenshaw have in common, despite being poles apart temperamentally, is that they both dislike Test matches. Jack Birkenshaw had never umpired a Test match before.

"It's the atmosphere," he explains with a look of painful misery. "It's bad enough at county matches nowadays, but at Test matches it's really bad. The crowds shout abuse all the time and they don't like the game as much as they like making trouble."

His face is cast in a melancholy mould at the best of times, and when he talks about Test matches it closes down completely—sealed off under overhanging eyebrows.

One of the most publicised elements of crowd trouble is racial tension, but until the third Texaco Trophy one-day match between England and Pakistan at Edgbaston some weeks ago, we had been spared that on any scale. Heaven knows how long this fragile inheritance of good humour will last.

Bird has a Yorkshireman's native conviction that everyone is racist about Yorkshire because they can't stand its evident superiority. He takes a robust view of racial trouble as something umpires, like Yorkshiremen, have to take in their stride along with everything else.

Jack Birkenshaw is a sensitive soul and more easily upset by modern problems. He hates the beer-soaked crowds, the film-star publicity and money that makes cricket stars like Botham into gods of pop culture, the outspoken boisterousness of—well, he shrugs helplessly—of modern life.

There has undoubtedly been a build-up of pressure on umpires over the last 20 years or so, and inevitably it comes to a head in Test matches. Dicky Bird gets up at 7.30 every Test match morning to pray. He is too nervous to sleep the night before play begins. Like all umpires, he thinks television replays are one of the worst pressures, but like all umpires, is philosophical about them for the simple reason that they are here to stay, like it or not. Replays usually show umpires' decisions to have been right, and when they do seem to show a mistake it is only from the camera's, not the umpire's viewpoint.

To an outsider, one of the most surprising things about big-time umpires, even nervous ones like Jack Birkenshaw, is their confidence about lbw decisions, which are the psychological dreadnoughts of amateur umpires. To professionals, it seems, they are small beer.

The real horrors are run outs, which replays can show with tell-tale accuracy, and bat-and-pads and little brushes round to leg, which are horribly hard to judge and worse than ever now that there are often four or five fielders crowded round the batsman.

Players become umpires because it is a way of staying part of the game they love, but they are part of it from the outside looking in. They are no longer one of the gang.

They have their own *esprit de corps*, of course. English umpires are the only professional umpires in the world and English Test match umpires are a little fellowship of stalwarts, united in their sufferings, weighed down by jerseys.

But the endless travelling round the first-class circuit prevents them from getting together to celebrate their sufferings with a drink or a meal after a game, just as it prevents them from taking refuge with their families. Jack Birkenshaw is uncharacteristically vivid about what he hates most in his job: "Umpiring all day until 8.00 at night, then getting into your car on your own to drive 150 miles to a guest house, ready to start again the next day."

But it has its good side, even for a sorrowful old campaigner like Birkenshaw. He loves the game and the players are as nice as they ever were. He is adamant about that. When the Pakistanis lost their last English tour in 1982, Imran Khan blamed it on bad umpiring, and this year, before the Lords Test had ever started, the Pakistani team manager made an official complaint to the TCCB against the appointed umpires Constant and Meyer, citing their mistakes in the 1982 tour as his reason.

Racial prejudice was not mentioned but it was there, dormant, in the background. The complaint was over-ruled and there are those, most notably Chris Robinson, who would say that it prejudiced the umpires in Pakistan's favour. He was given out caught to a ball he is sure he never touched. You can't win if you're an umpire. You can only lose.

● *Teresa McLean's book about umpires and umpiring, The Men in White Coats, has just been published by Stanley Paul (£10.95).*

John Barrett previews today's Wimbledon Ladies final

Graf, set and match

DEPENDING on the outcome of this afternoon's singles final between the 30-year-old defending champion, Martina Navratilova, and the West German teenager, Steffi Graf, unbeaten in 1987 after seven tournament victories and 45 winning matches, the 94th Ladies Championship at Wimbledon will be remembered either as the dawning of a new era or as the moment when Navratilova finally proved she is the greatest woman player of all time.

It will be their ninth meeting since 1985, when Martina had two of her five wins. They have never met on grass but Steffi has the psychological advantage of having won their last two meetings, including their clash in the recent French final — her first Grand Slam success.

Martina's record at Wimbledon is prodigious. In 14 previous visits beginning in 1973, she has won the singles title seven times. She has never lost in a singles final and if she wins today, her six consecutive successes will become a record. Furthermore, her eight titles overall will equal the record of Helen Wills Moody, who won as many between 1927 and 1938. Martina is excited by the prospect of immortality.

Equally, Miss Graf's unbeaten run is unprecedented in modern times. Neither Navratilova nor Chris Evett in her winning years (1974, '76, '81) have ever arrived at Wimbledon unbeaten. For that matter, never since 1978 has Martina arrived at Wimbledon without winning a single tournament, as she has done this year.

Today's clash provides an intriguing comparison with the first post-war championship at the old Worple Road Ground in 1919. The defending champion then, 40-year-old Dorothea Lambert Chambers, like Martina, had won seven singles titles. Her challenger, the 20-year-old French girl Suzanne Lenglen, was like Steffi being hailed as the new superstar.

They produced a final that year which is still discussed with awe by such elderly All England Club members as the 1924 and 1926 champion Kitty Godfree, who watched it. After saving two match points an exhausted Suzanne, revived with sugar lumps soaked in brandy thrown to her on court by her mesmeric father Charles, finally triumphed 10—8, 4—6, 9—7.

Steffi's father, Peter, has had an equally strong influence on his 18-year-old daughter. From the beginning, he has been her only coach and he protects her from the ever increasing commercial and media pressures. How wise he is to have learned from the destructive effects of such pressures on John McEnroe and Boris Becker.

Unquestionably, Steffi is the most self possessed young champion since Maureen Connolly. She has the same totally committed attitude that the 17-year-old American girl had when she won the first of her three successive Wimbledon titles in 1952. Maureen, who had already won the first of three US titles the previous September aged 16, had been guided by Eleanor Tennant, the Californian coach who had produced Alice Marble, the 1939 champion. On the eve of the 1952 Championships, Maureen broke free of her coach's influence and thereafter was helped by that wise old Australian guru, the late Harry Hopman.

There is little danger of Steffi feeling the need to break away from her father. The family is thoroughly united — with mother, Heide, and 15-year-old brother, Michael, her most loyal supporters — and carry on as normal an existance as its growing fame allows.

I was never one who believed that Steffi's lack of grass court play would prevent her from winning the title at her third attempt, for I remember how impressed I was on those two previous visits. In 1985, she had lost in three sets to Pam Shriver, the girl she destroyed in Thursday's semi-final. The previous year, only two weeks after her 15th birthday, she had played for the first time on the centre court and had pushed Jo Durie to 3—6, 6—3, 9—7.

On both occasions her natural timing, swift movement and obvious enjoyment of a competitive situation were most evident. Ultimately, of course, winning at the highest level is a matter of belief. That is why I shall never forget what Steffi had said after losing to Durie. "It is not easy to lose so I did cry after the match. She was coming to the net and putting pressure on me. I know I must go to the net more now. It was one of my faults in the match: Playing on Centre Court was very special as I have always wanted to play there.

What extraordinary honesty, composure and clarity of objective in a girl who was only just 15 and speaking in a foreign language! That was the attitude of a future champion.

Not surprisingly, her relentless pursuit of perfection has been dramatically successful. Rather than go to Australia these past two winters, she has spent the time perfecting first her volleying, which now looks beautifully instinctive, and then her top spin back hand, which now augments her natural slice to give her the variety she needs.

Because of this mental strength and Steffi's ability to raise her game at moments of crisis—as in Paris where neither Gabriela Sabatini nor Martina could convert leads of 5—3 in the final set into a victory—I believe history will repeat itself today. As in 1919, youth and untold promise will overcome experience.

If she does win today to remain unbeaten this year, Steffi will have an interesting target — though comparisons with the 1920s are slightly false because players today compete far more than the old champions used to. However, for the record let it be said that after losing to Marguerite Broquedis in April 1914, when she was still 14, Suzanne Lenglen was never beaten in singles again until her retirement from the amateur game in 1926—apart from the controversial retirement against Molla Mallory on her only visit to New York in 1921. That sort of achievement, even for somebody with Steffi's talent, would be almost impossible today because of the greater depth of field in women's tennis.

The torrential rains of the first week were partly responsible for the early demise of the defending Men's Champion Becker. Had he enjoyed firm, fast courts, I do not believe that Peter Doohan would have returned the serve so well on a Number One Court that was still soft and slow. Perhaps this reverse will encourage Boris to accept the need for a full-time coach — an essential pre-requisite to success in the pro jungle, where competition has never been fiercer.

Despite that awful weather and the knowledge that the gates would be closed when 28,000 were inside the ground, attendances have been only about 15,000 below the record figures of 1986, an indication of Wimbledon's enduring popularity.

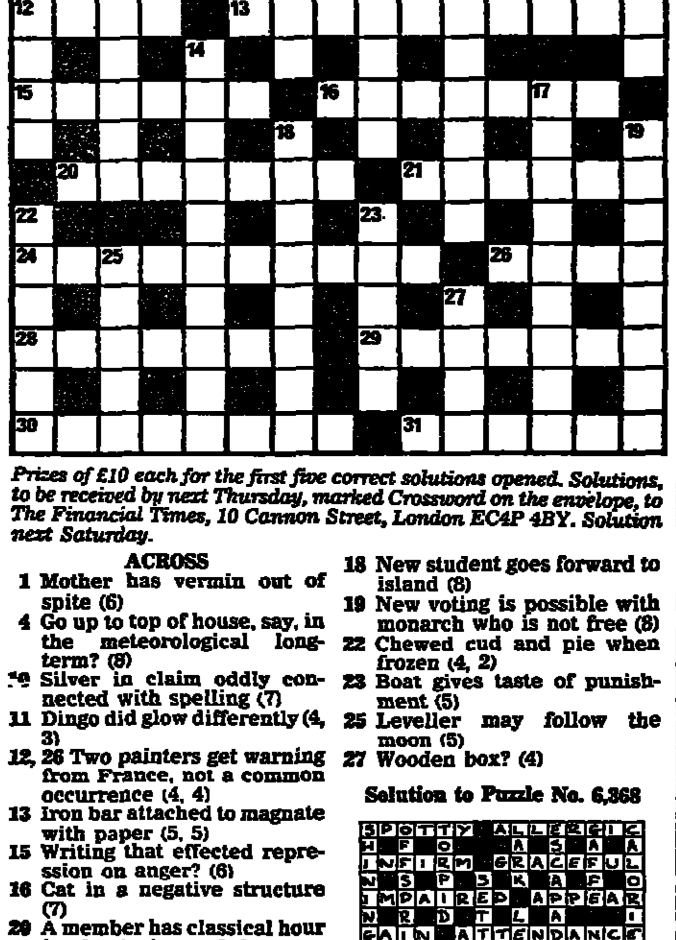
Apart from a propensity to spitting, the players have performed with great good humour in the most trying conditions—and not a little skill. I suppose the highest accolade must go to Jimmy Connors for his remarkable progress at the age of 34. His recovery from 1—6, 1—6, 1—4 against Mikael Pernfors ranks with that other great escape—Henri Cochet's win against Bill Tilden in 1927 when he was trailing by two sets and 1—5.

With Graf and Sabatini seemingly on the point of surplanting Martina and Evett at the top of the women's game, it is equally encouraging that two 22-year-olds, Stefan Edberg of Sweden and Australia's white hope Pat Cash, should also be starting to fulfil the promise they showed as outstanding juniors. It seems to me that the view of posterity will be that the new era did indeed dawn at Wimbledon in 1987.

Steffi Graf

FT CROSSWORD PUZZLE No. 6,369

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

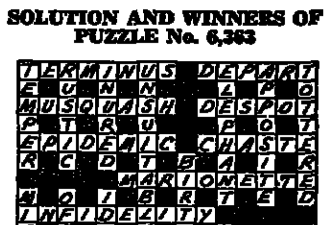
ACROSS

1 Mother has vermin out of spite (6)
4 Go up to top of house, say, in the meteorological long-term? (8)
9 Silver in claim oddly connected with spelling (7)
11 Dingo did glow differently (4, 3)
12, 26 Two painters get warning from France, not a common occurrence (4, 4)
13 Iron bar attached to magnate with paper (5, 5)
15 Writing that effected repression on anger? (6)
16 Cat in a negative structure (7)
20 A member has classical hour in classical vessel (7)
21 Coat of six counties (6)
24 Genetic factor in M. Mosco hero, perhaps (10)
26 See 12
28 From Germany and Britain fashion returns to Cornwall, for example (7)
29 I leave skipper round front of ship to haul ropes (7)
30 Painting, music, etc, in aroma of glee? (4-4)
31 Merchant may get tarred (6)

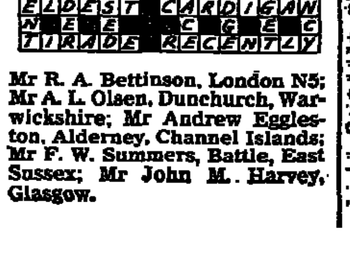
DOWN

1 Learn to die and seem troubled about it (8)
2 Smash hit in a wooden limb, possibly, an aid to computing (9)
3 Prepare to shoot bird (4)
5 "----- order," including poles, improves grass (4, 4)
6 Extract courage, foiled at the top (4, 6)
7 Turn doctor out of royal house (5)
8 Compelling officer to get into bed (6)
9 Large diffusion of limelight? (5)
14 Discoverer while bathing rang bells in Mars (10)
17 Having an incentive to construct Teviot dam (9)
18 New student goes forward to island (8)
19 New voting is possible with monarch who is not free (8)
22 Chewed cud and pie when frozen (4, 2)
23 Boat gives taste of punishment (5)
25 Leveller may follow the moon (5)
27 Wooden box? (4)

Solution to Puzzle No. 6,368



SOLUTION AND WINNERS OF PUZZLE No. 6,363



Mr R. A. Bettinson, London N5; Mr A. L. Olsen, Dunchurch, Warwickshire; Mr Andrew Eggleston, Alderney, Channel Islands; Mr F. W. Summers, Battle, East Sussex; Mr John M. Harvey, Glasgow.

SATURDAY

TELEVISION AND RADIO

†Indicates programme in black and white

Games from Oslo. 11.00 LWT News Headlines followed by The Late Clive James. †11.45 "The Hasty Heart," starring Richard Todd, Patricia Neal and Ronald Reagan." 11.40 Sweet ...

IBA Regions as London except at the following times:—

ANGLIA

1.30 pm Diff'rent Strokes. 2.00 Man ...

Tide At Noon" starring Betta St John, William Sylvester, Michael Craig and Flora Robson. 11.45 Downtown.

SCOTTISH

Saturday Late Film: "Murphy's War" starring Peter O'Toole and Sian Phillips. 2.40 Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sound of the 60s. 11.00 Album Time with Peter Clayton. 1.00 pm Frankie Howard. 1.30 Sport On 2 including Wimbledon (The Ladies Final); Cricket (The Third Cornhill Test—England v Pakistan) and news of the Britannic Assurance County Championship. 6.00 The Impressionists. 6.30 Songs by Sondheim. 7.00 Three in a Row. 7.30 Salute to America. 9.30 String Sound. 10.05 Athletics (Highlights from the Bislett Games in Oslo). 10.30 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Bill Rennells. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Morning Concert (8.00 World Service News). 9.00 News. 9.05 Stereo Release. 10.55 Music For Two Pianos. 11.20 BBC Symphony Orchestra in Florence (12.10 pm Interval Reading). 1.00 pm News. 1.05 Charpentier: Secular Music. 1.55 String Quintets (Brahms and Mozart). 3.00 Allen Stamfield piano recital. 3.45 BBC Philharmonic Orchestra: Tippett (Ritual Dances), Dvorak (Symphony No 9). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Grieg Piano Music. 7.05 Russian Chamber Music. 8.00 Cheltenham ...

Schubert (Overture: Alfonso and Estrella), Valen (Le cimetiere marin). Ravel (Piano Concerto in G). 8.45 The Enemy Within. 9.05 Cheltenham Festival, part 2: Roussel (Symphonic fragments: Le festin de l'araignee). Schubert (Symphony No 8, "Unfinished"). 9.55 20th-Century Clarinet Music. 10.40 Polish Chamber Orchestra. 11.15 Nocturne by Matiegka, for flute, viola and guitar. 11.57-12.00 News.

(Medium wave) as above except: 10.55 am-6.35 pm Test Match Special: England v Pakistan at Headingley (3rd day).

BBC RADIO 4

7.00 am Today. 8.00 News. 8.05 Sport On 4. 8.30 Breakaway. 10.00 News; Loose Ends. 11.00 The Week In Westminster. 11.27 From Our Own Correspondent. 12.00 News; Taste of the East. 12.25 pm Quote . . . Unquote (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Second Edition. 3.00 News; The Afternoon Play (S). 4.15 After The Laundrette. 4.30 SO4 (Science on 4). 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel.

6.00 News; Sports Round-up. 6.25 Stop The Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten To Ten (S). 9.59 Weather. 10.00 News. 10.15 Flashback. 10.30 Braden Beside Himself (S). 11.00 ...

SUNDAY

† Indicates programme in black and white

Dennis Waterman and Kathy Jamieson: C4, 9.15 pm